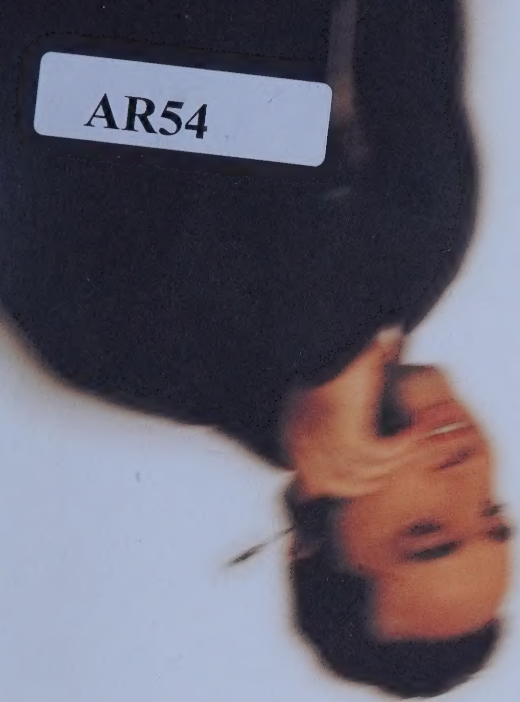
Bell Mobility®



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Form 40-F
for the year ended December 31, 1997

Annual Information Form
for the year ended December 31, 1997

Annual Report 1997

Management Proxy Circular
dated March 16, 1998

1997

BCE Mobile Communications Inc.

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 40-F

[ ]REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[√]ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **December 31, 1997** Commission File Number: **1-14440**

BCE Mobile Communications Inc.
(Exact name of Registrant as specified in its charter)

Canada
(Jurisdiction of incorporation or organization)

4812
(Primary Standard Industrial Classification Code Number (if applicable))

Not Applicable
(I.R.S. Employer Identification Number (if applicable))

8501 Trans Canada Highway, Saint-Laurent, Quebec, Canada, H4S 1Z1, (514) 956-4800
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 1633 Broadway, New York, New York, 10019, (212) 664-1666
(Name, address (including zip code) and telephone number (including area code) of agents for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common shares	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check marks the information filed with this Form:

[√] Annual information form [√] Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

At December 31, 1997, 69,370,899 common shares were issued and outstanding.

Indicate by check mark whether the Registrant by filing information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the Registrant in connection with such Rule.

Yes _____ 82 _____ No __√__

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes __√__ No _____

MANAGEMENT'S DISCUSSION AND ANALYSIS AND CONSOLIDATED AUDITED ANNUAL FINANCIAL STATEMENTS

A. Management's Discussion and Analysis

For management's discussion and analysis, see pages 24 to 32 of BCE Mobile Communications Inc.'s 1997 Annual Information Form attached hereto as Exhibit A and incorporated by reference herein.

B. Consolidated Audited Annual Financial Statements

See note 18 of the Notes to the Consolidated Audited Annual Financial Statements on pages 23 and 24, reconciling the important differences between Canadian and United States generally accepted accounting principles.

UNDERTAKINGS

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

STATEMENT REGARDING FORWARD LOOKING STATEMENTS

The Corporation has made in the documents filed as part of this annual report, and from time to time may otherwise make, forward looking statements and related assumptions concerning its operations, economic performance, and financial matters. The Corporation is under no duty to update any of these forward looking statements or related assumptions. Actual results or events could differ materially from those set forth in, or implied by, the forward looking statements and the related assumptions due to a variety of factors. Reference is made to the "risks and uncertainties" section of management's discussion and analysis on pages 24 to 28 of BCE Mobile Communications Inc.'s 1997 Annual Information Form for a discussion of such factors.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

BCE MOBILE COMMUNICATIONS INC.

S/ RICHARD J. MANNION
Richard J. Mannion
General Counsel and Corporate Secretary

Date: February 27, 1998

LIST OF EXHIBITS
TO FORM 40-F

1997 Annual Information Form - BCE Mobile Communications Inc.	Exhibit A
1997 Consolidated Audited Financial Statements - BCE Mobile Communications Inc.	Exhibit B

Bell Mobility®

BCE MOBILE COMMUNICATIONS INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 1997

February 23, 1998

Bell Mobility®

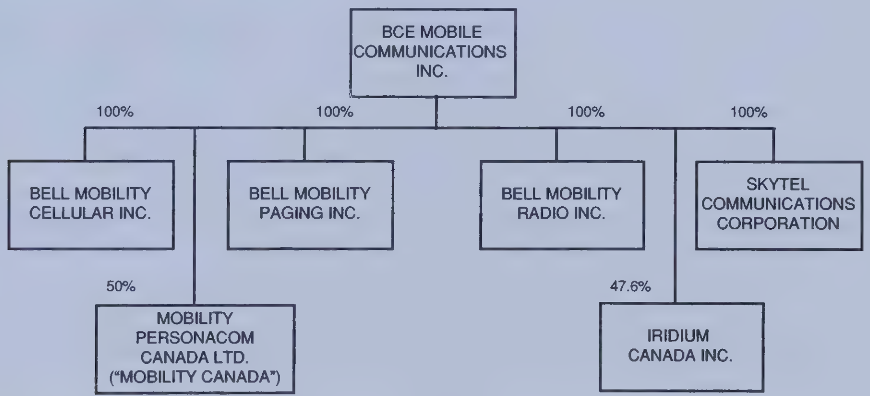
TABLE OF CONTENTS

Item 1 - INCORPORATION OF BCE MOBILE

Organization of BCE Mobile

BCE Mobile Communications Inc. was incorporated under the Canada Business Corporations Act. The term "BCE Mobile" is used in this annual information form to refer to the company or the company and one or more of its subsidiaries and associated companies, as the case may be. Its registered office is located at 8501 TransCanada Highway, Saint-Laurent, Quebec, H4S 1Z1.

The following chart shows the equity voting ownership of BCE Mobile's subsidiaries and associated companies as at December 31, 1997. All companies displayed are subject to the jurisdiction of the Canada Business Corporations Act.



Relationship with BCE Inc.

BCE Mobile is a subsidiary of BCE Inc. ("BCE"), Canada's largest telecommunications company, which owns 65.3% of all outstanding common shares of the company. BCE's principal businesses are the provision of telecommunications services, the manufacture of telecommunications equipment, the holding of international telecommunications investments and the publishing of telephone directories. Bell Canada, a wholly owned subsidiary of BCE, is Canada's largest provider of wireline telecommunications services.

Item 2 - GENERAL DEVELOPMENT OF BCE MOBILE

BCE Mobile is a full-service wireless telecommunications company operating under the Bell Mobility brand name which, through its subsidiaries, provides cellular, personal communications services ("PCS"), one- and two-way paging, data, airline passenger and satellite communications services. As at December 31, 1997, BCE Mobile had some 1.7 million customers.

Bell Mobility Cellular Inc. ("Bell Mobility") operates a cellular telecommunications system in Ontario and Quebec and recently commenced commercial operation of a digital PCS network in the same service territory. Bell Mobility also operates a nationwide mobile data radio network. Bell Mobility Paging Inc. ("BMP") operates a one- and two-way paging system in Ontario and Quebec and is Canada's largest paging operator. Bell Mobility Radio Inc. ("BMR") provides private and shared radio communications services in the transit, public security and utility markets. BCE Mobile also provides airline passenger communications services through Skytel Communications Corporation ("Skytel"). BCE Mobile is the principal shareholder of Mobility Canada, a consortium of the wireless affiliates or divisions of Canada's major wireline telephone companies. The members of Mobility Canada operate the largest cellular and paging networks in Canada and together provide customers with seamless national services. BCE Mobile has also been a participant in the IRIDIUM mobile communications satellite project since 1993. The IRIDIUM system, expected to be commercially available in the fall of 1998, plans to be the world's first global wireless communications network designed to provide subscribers with voice, data, facsimile and paging communications services.

In 1997, BCE Mobile had consolidated revenues of $1.21 billion, net earnings of $70.9 million and operating income before depreciation, amortization and special charges ("EBITDA") of $365.3 million. BCE Mobile had total assets of $1.69 billion and approximately 2,940 employees at December 31, 1997.

On October 7, 1997 Bell Mobility launched commercial operation of its new 1.9 GHz digital PCS service, called *PCS Plus*, in major urban areas within the provinces of Ontario and Québec including Toronto, Ottawa, Montréal and Québec City.

PCS represents the next generation of wireless telecommunications services utilizing advanced digital technology. Increased competition from the introduction of PCS and the development of new products and services is expected to heighten market awareness and stimulate overall demand for wireless telecommunications services. The combination of cellular and PCS licenses provides a competitive advantage and favourably positions Bell Mobility in the marketplace to benefit from this growth while maintaining its existing customer base. Bell Mobility's network strategy is based on the integration of its 1.9 GHz digital PCS network and 800 MHz analog cellular network. Management believes that its ability to deploy PCS utilizing portions of its existing network infrastructure will likely provide it with cost and operating advantages over non-cellular PCS companies.

Bell Mobility has played a major role in the development of mobile cellular services in Canada and intends to duplicate its efforts in developing digital PCS for the Canadian market. Members of Mobility Canada are expected to make significant investments over the next several years to develop a national PCS network and new wireless services, features, and applications for personal communications. As of December 31, 1997, Bell Mobility had invested approximately $216.5 million in its digital PCS network, including $148.9 million during the year.

Bell Mobility has selected Code Division Multiple Access ("CDMA") technology as the platform for its digital PCS network. Management believes that CDMA technology is superior to other available digital technologies in terms of coverage, capacity, call quality and the ability to support the most advanced features and applications.

On June 4, 1997, Bell Mobility announced it had awarded an 18-month, $70 million contract to QUALCOMM Inc. ("QUALCOMM") to supply CDMA digital handsets, including the "Q" phone, the world's smallest and lightest 1.9 GHz CDMA digital PCS phone. Bell Mobility is currently offering its *PCS Plus* customers QUALCOMM's QCP-2700, the first CDMA digital dual-band, dual-mode handset, providing seamless coverage between Bell Mobility's PCS network

and its existing analog network. QUALCOMM's dual-band, dual-mode handsets are expected to increase a customer's ability to roam more freely throughout Canada and the United States in either digital PCS or analog cellular coverage areas.

On July 15, 1997, Mobility Canada and Sprint PCS announced an agreement which will allow PCS wireless roaming throughout the United States and Canada. This combination has the potential to be the largest roaming network in North America, giving customers the ability to stay connected while in the United States and Canada using the Sprint PCS or Mobility Canada nationwide wireless networks.

On September 5, 1997, Mobility Canada finalized an agreement with Microcell that permits Microcell's customers with handsets that operate on both GSM and cellular systems to roam on Mobility Canada's cellular systems when outside the territory covered by Microcell's GSM network. The establishment of this roaming agreement has provided Mobility Canada members, including BCE Mobile, with an additional revenue source based on roaming patterns of Microcell's PCS customers. The agreement also allowed Mobility Canada members to meet the PCS licensing conditions prescribed by Industry Canada last year, allowing the alliance members to proceed with their own launch of PCS services.

As a subsidiary of BCE, BCE Mobile has developed strategic relationships with other companies within the BCE group including Northern Telecom Limited ("Nortel"), which was selected by Bell Mobility as its supplier for CDMA digital technology and other PCS network infrastructure equipment. Since November 1996, Bell Canada has marketed and advertised Bell Mobility's *Liberti* line of cellular service in its network of Bell Phonecentres in Ontario and Téléboutiques in Québec. Bell Mobility also recently unveiled a new retail concept called TotalCom, which is the first retail outlet to offer a wide range of the BCE family of wireless, wireline and direct-to-home satellite products and services.

Item 3 - THE BUSINESS OF BCE MOBILE

CELLULAR AND PCS OPERATIONS

Introduction

BCE Mobile's cellular service operations are conducted by Bell Mobility, which commenced offering cellular service in 1985. BCE Mobile also launched commercial operation of its new digital PCS service through Bell Mobility in October 1997. Bell Mobility's cellular and PCS operations are located in Ontario and Quebec. At December 31, 1997, Bell Mobility had a combined cellular and PCS subscriber base of 1,221,000. Bell Mobility offers uninterrupted service along a 1,725 kilometre (1,075 mile) corridor from Windsor, Ontario to beyond Quebec City, Quebec, currently one of the largest contiguous coverage areas in North America, with a geographic area of 243,000 square kilometres (95,000 square miles). The area has an estimated population of some 17.2 million, representing 95% of the population of Ontario and Quebec, and includes Canada's two largest metropolitan areas, Toronto and Montreal.

BCE Mobile is also the principal shareholder of Mobility Canada, a consortium of the cellular operators affiliated with the Canadian wireline telephone companies. The members of Mobility Canada operate the largest cellular and PCS networks in Canada and together provide customers with seamless national service. At December 31, 1997, Mobility Canada shareholders served 2,494,000 cellular and PCS subscribers, representing approximately 59.3% of the Canadian cellular and PCS market.

The following table sets forth certain financial information with respect to BCE Mobile's cellular service operations for the last five years, including PCS service for 1997:

	Years ended December 31				
	1997	1996	1995	1994 (1)	1993 (1)
	(thousands of dollars)				
Revenues	$819,682	$ 708,688	$ 597,897	$ 468,756	$ 372,512
Operating income before depreciation and amortization	332,278	291,862	256,266	211,470	162,415
Operating cash flow margin (%)	40.5%	41.2%	42.9%	45.1%	43.6%
Cellular network equipment, at cost	1,537,318	1,269,006	1,015,650	866,072	793,702

(1) Reflects reclassification of certain cellular service revenues and expenses

Subscriber Base

The chart below provides a year-by-year summary of the Company's cellular subscriber base, annual subscriber growth and churn rate per month since 1993. Figures for 1997 also include PCS service.

December 31	Subscribers	Net Increase	% Increase	Churn Rate % per month
1993.............	421,000	92,000	28%	1.5%
1994.............	592,000	171,000	41%	1.2%
1995.............	798,000	206,000	35%	1.3%
1996.............	1,044,000	246,000	31%	1.2%
1997.............	1,221,000	177,000	17%	1.1%

Pricing

Bell Mobility charges its subscribers a monthly fee plus a usage fee on each of its packages. The primary sources of the Company's cellular service revenue are (i) fixed monthly subscriber service charges, (ii) variable airtime charges based upon usage, (iii) long distance charges and (iv) other revenue from system connection charges, roaming charges and charges for optional services and features. Long distance calls from or to subscribers may be routed by Bell Mobility through its own microwave network or through the landline telephone network. By routing long distance calls through its microwave network, Bell Mobility is able to retain a significant portion of the revenue generated by long distance traffic on its network. Bell Mobility believes its pricing structure provides competitive pricing for its subscribers at profitable levels. Bell Mobility also encourages the use of term commitment plans designed to secure loyalty. Prepayment options, where customers can prepay for a year or more of service and receive significant savings, have proved to be successful for Bell Mobility.

The following table provides a summary of the various sources of revenues from Bell Mobility's cellular and PCS service operations by percentage.

	Years Ended December 31				
	1997	1996	1995	1994	1993
Monthly Fixed	44%	44%	43%	41%	40%
Usage	34%	32%	34%	35%	36%
Long Distance	10%	10%	10%	10%	11%
Other	12%	14%	13%	14%	13%
	100%	100%	100%	100%	100%

Bell Mobility's cellular and PCS services are offered at a range of rate packages and features that can be customized to fit the needs of a wide range of customers. For example, Bell Mobility has recently introduced three innovative PCS packages offering bundled minutes and extra features targeting high-usage consumer and business segments while also appealing to low to medium-usage segments. Bell Mobility also offers analog cellular customers a plan called *FlexTalk*, which reduces per minute charges as usage increases.

Network Infrastructure

The following table provides a summary of Bell Mobility's network capital expenditure program from 1993 through 1997, including PCS expenditures for 1996 and 1997:

Years ended December 31	Capital Expenditures ($ millions)
1993..........	120
1994..........	74
1995..........	127
1996..........	221
1997..........	330

During the initial network build-out years from 1985 to 1990, Bell Mobility concentrated on expanding the geographic coverage of the cellular network to reach the most populated areas of Ontario and Québec. Emphasis since 1990 has been to increase the capacity of the network in existing coverage areas to respond to demands placed on the system by a rapidly increasing subscriber base. Capital expenditures increased significantly in 1995 and 1996 as Bell Mobility expanded coverage in response to increases in the number of subscribers and in usage per subscriber.

Bell Mobility's cellular network operates on Nortel digital switches in Toronto, Montréal, Ottawa, Québec City and Cambridge, Ontario. Bell Mobility operates its own transmission network to connect a majority of its 923 cell sites in Ontario and Québec to the switching centers. The system utilizes both microwave radio equipment and fiber optic cable to provide transmission capacity between cell sites and switches, minimizing the use of leased facilities. As of December 31, 1997, Bell Mobility has invested approximately $205 million in its microwave transmission network, which has permitted the retention of most of the revenues associated with long distance traffic on its network.

Management believes that analog cellular will remain a prominent wireless telecommunications service for a number of years and will be a necessary complementary network to new digital wireless telecommunications networks, including PCS. Bell Mobility will upgrade its cellular network with digital technology where appropriate.

Distribution

Bell Mobility markets its services under the *Bell Mobility* brand name through an extensive network of independent dealers. Currently, there are approximately 300 exclusive full-service dealers in Ontario and Québec known as Bell Mobility Centres, Cellular Plus Centres or Personal Communications Centres. In addition to marketing cellular services, many of the same dealers are positioned to sell the full range of *Bell Mobility* products. The distribution network also includes Canadian retail chains such as Future Shop, Sears, Canadian Tire, Sony, Office Place, Zellers and Batteries Plus. The overall distribution network in Ontario and Québec, including retail chains and independent dealers, totals over 1,100 points of sale. Bell Mobility is using its extensive distribution network to market its digital PCS products and services.

In November 1996, Bell Mobility was given approval by the Canadian Radio-television and Telecommunications Commission ("CRTC") to market its Liberti™ product line in Bell Canada Phonecentre and Téléboutique stores. Together with BMP products, the joint merchandising and advertising of Bell Mobility's products with Bell Canada's communications services provided in well-established mall locations is anticipated to be a successful driver of growth in the consumer market segment. Bell Mobility also recently unveiled a new retail concept called TotalCom, which is the first retail outlet to offer a wide range of the BCE family of wireless, wireline and direct-to-home satellite products and services.

Dealers market cellular service to subscribers on behalf of Bell Mobility in exchange for either a fixed, one-time commission per new subscriber, or for a combination of a fixed, one-time commission plus an ongoing residual commission. The residual commission component is based on a percentage of monthly revenues (exclusive of long distance and roaming charges) generated by the subscriber over a specified term. The structure of the commission agreements is designed to encourage dealers and agents to maintain and support Bell Mobility's subscribers. Bell Mobility's dealer commission policy is to align dealer compensation with revenues being generated by subscribers. The policy in this respect is dependent on the competitive environment, particularly in the case of non-exclusive dealers.

To support the development and growth of national, corporate, government, and large business market segments, Bell Mobility employs a dedicated direct sales force. The direct sales force works with other Mobility Canada shareholder representatives in their respective operating territories to effectively form a national account sales team.

Item 3 - THE BUSINESS OF BCE MOBILE

Launch of Digital PCS

Introduction

On October 7, 1997 BCE Mobile, through its subsidiary Bell Mobility, launched commercial operation of its new digital PCS service, PCS Plus, in major urban areas within the provinces of Ontario and Québec including Toronto, Ottawa, Montréal and Québec City. *PCS Plus* features dual-mode handsets manufactured by Sony and Qualcomm, allowing customers to benefit from seamless, integrated coverage on the Company's 1.9 GHz digital PCS network and its 800 MHz analog cellular network. Additional service benefits of *PCS Plus* include superior voice quality, longer battery life, increased call security and user friendly features such as call display and soon-to-be offered text messaging, voice dial, data and wireless Internet access.

PCS represents the next generation of wireless telecommunications services utilizing advanced digital technology. Increased competition from the introduction of PCS and the development of new products and services is expected to heighten market awareness and stimulate overall demand for wireless telecommunications services. The combination of cellular and PCS licenses provides a competitive advantage and favourably positions Bell Mobility in the marketplace to benefit from this growth and protect its existing customer base. Bell Mobility's network strategy is based on the integration of its 1.9 GHz digital PCS network and 800 MHz analog cellular network. Management believes that its ability to deploy PCS utilizing portions of its existing network infrastructure will likely provide it with cost and operating advantages over non-cellular PCS companies.

Bell Mobility has played a major role in the development of mobile cellular services in Canada and intends to duplicate its efforts in developing digital PCS for the Canadian market. Members of Mobility Canada are expected to make significant investments over the next several years to develop a national PCS network and new wireless services, features, and applications for personal communications. As of December 31, 1997, Bell Mobility had invested approximately $216.5 million in its digital PCS network, including $148.9 million during the year.

Bell Mobility is using CDMA digital technology which it believes is the most advanced wireless technology available, providing higher voice quality and greater capacity than competing wireless standards. Bell Mobility's network strategy is based on the integration of its digital PCS and analog cellular networks. Bell Mobility is also in the process of migrating its existing Time Division Multiple Access ("TDMA") customers and a portion of its analog customer base to PCS. Migration of the existing analog customer base, in particular high revenue customers, to digital PCS will allow Bell Mobility to achieve operating cost efficiencies associated with CDMA technology while generating incremental revenue from value added services. Bell Mobility's proactive migration strategy is also intended to ensure customer satisfaction and loyalty while providing capacity relief and improved service to customers on the existing analog network.

Bell Mobility has made a substantial investment over the years in developing the *Bell Mobility* brand as a vehicle for differentiating its wireless telecommunications services on the basis of quality and reliability of services, innovative features, competitive pricing and customer service. Management believes that the strength of the *Bell Mobility* brand favourably distinguishes Bell Mobility from its competitors. The effectiveness of the Bell Mobility brand is enhanced by the Company's membership in Mobility Canada, the members of which deliver a full range of wireless telecommunications services across Canada under the common brand "*Mobility*".

Bell Mobility has selected CDMA technology as the platform for its digital PCS network. Management believes that CDMA technology is superior to other available digital technologies in terms of coverage, capacity, call quality and the ability to support the most advanced features and applications. As recently licensed PCS providers complete their networks, Bell Mobility believes that CDMA will become the most commonly deployed digital wireless technology in North America. In addition, Mobility Canada has entered into a roaming agreement with Sprint PCS, which is deploying

a nationwide digital PCS network in the United States. The combined wireless network of Mobility Canada and Sprint PCS is expected to be one of the largest digital roaming networks in North America in terms of population covered ("POPs").

Products and Services

Currently available and planned services and features of *PCS Plus* have been designed to increase usage and provide subscribers with greater capabilities in call management, including the following:

High Quality Voice Service. Bell Mobility believes that CDMA networks have more powerful error correction, less susceptibility to fading and reduced interference relative to competing digital technologies. CDMA networks achieve voice quality approaching that of the typical wireline telephone. CDMA technology also employs adaptive equalization which filters out background noise more effectively than existing wireline or analog cellular handsets.

Advanced Easy to Use Handsets. In addition to supporting superior quality voice transmissions, Bell Mobility CDMA handsets currently allow for digital data transmission without a phone line modem and have advanced power management to maximize handset battery life.

Text Messaging. This feature, expected to be offered in mid 1998, will allow alphanumeric incoming messages to the handset to be received, stored and displayed on demand, effectively allowing the handset to act as a pager. Text messaging will also include content services allowing the user to access traffic and weather reports, airline schedules and other useful information.

Caller ID. This available feature displays the telephone number of the incoming call on the customer's handset, allowing the customer to decide whether or not to accept the call.

Over-the-Air Activation. This feature, expected to be offered in late 1998, will allow the subscriber to initiate and obtain feature changes in services by over-the-air activation or deactivation by way of handset entry.

Message Waiting Notification. This feature initiates a voice message waiting indicator on the handset that notifies the subscriber of a new message.

Custom Calling Features. Additional features that Bell Mobility currently offers include call waiting, call forwarding and voice dial.

Bell Mobility's PCS strategy is to offer customers access to the broadest wireless coverage and deliver the most advanced features. Bell Mobility is currently targeting new and existing customers with three *PCS Plus* packages which have been priced competitively in each of the key market and usage segments. Bell Mobility is also offering attractive *PCS Plus* service packages to its existing analog and digital TDMA customer base to provide them with an incentive to migrate to the new digital PCS network.

Network Infrastructure

Bell Mobility's network strategy is based on the seamless integration of its digital PCS and analog cellular networks. Bell Mobility will offer CDMA digital technology at both the 1.9 GHz and 800 MHz frequencies, with analog service continuing to be offered at the 800 MHz frequency.

CDMA. Bell Mobility believes that there are several key advantages that support the selection of CDMA technology over other digital standards, including the following:

Superior Voice Quality. Bell Mobility believes that CDMA's unique design provides for better voice quality than competing digital PCS technologies. CDMA virtually eliminates background interference thereby producing voice quality approaching that of landline telephony. CDMA technology provides "soft" hand-offs which allows for two or more cell sites to simultaneously handle a call, combining the signals to get the optimal voice quality and eliminating the "muting", or speech blanks that occur in all other wireless systems. CDMA technology also reduces interference caused by the random reflection of radio waves between the mobile handset and cell site by digitally interpreting these reflected signals and combining them with the original signal to reproduce better voice quality.

Higher Network Capacity and Lower Infrastructure Costs. Bell Mobility believes that CDMA technology is able to handle the greatest volume of calls relative to other digital platforms. CDMA technology allows increased capacity within the allocated frequency by reusing the entire frequency in each cell rather than using only a fraction of the frequency in each cell as is typically the case with analog cellular, TDMA and Global System for Mobiles ("GSM") technologies. As a result, CDMA networks can achieve the same level of coverage as the current analog, TDMA or GSM networks with fewer cells, which is expected to reduce the overall infrastructure and operational costs of CDMA networks.

Enhanced Privacy and Fraud Protection. CDMA combines a constantly changing coding scheme with a low power signal to enhance security and privacy. Vendors are currently developing additional encryption capabilities to further enhance overall network security. Partly because of its security and privacy features, spread spectrum technology (upon which CDMA is based) has been used by government, military and intelligence agencies for over thirty years.

Longer Handset Battery Life. Power control characteristics of CDMA reduce interference levels. The power regulating nature of CDMA establishes a communication link with a subscriber at the lowest possible power level suitable for high quality voice transmission. Maximum power output from subscriber handsets for CDMA is 200 milliwatts compared to 600 milliwatts for analog cellular and TDMA and 1,000 milliwatts for GSM. Not only is co-channel and adjacent channel interface minimized, but battery life in subscriber handsets can be proportionately extended to provide longer periods between recharge.

Fewer Dropped Calls. CDMA technology is designed, unlike other technologies, so that the mobile handset will generally not switch frequencies during hand-off from one cell to another. Therefore, CDMA networks are able to use the "soft hand-off" where the original cell site of a mobile user does not discontinue handling a call until the mobile user has established connection in a new cell, resulting in a decreased number of dropped calls relative to other technologies.

Simplified Frequency Planning. Frequency planning is the process by which wireless service providers analyze and test alternative patterns of frequency use within their systems to minimize interference and maximize capacity. Currently, cellular service providers spend considerable time and money on frequency planning. Because TDMA and GSM networks have frequency reuse constraints similar to present analog systems, frequency reuse planning for such networks is expected to be comparable to planning for the current analog systems. With CDMA technology, however, the same subset of allocated frequencies can be reused in every cell, thereby reducing the need for costly frequency reuse patterning and constant frequency plan management.

Frequency Interoperability. Bell Mobility's network strategy is to use 1.9 GHz CDMA in the main urban centers to provide capacity for the highest concentration of subscribers. Outside of these areas, Bell Mobility will use 800 MHz CDMA, which has the same functionality as 1.9 GHz CDMA. Due to the nature of the lower frequency band, CDMA at 800 MHz can be deployed with fewer cells, thereby reducing the network costs. Until CDMA is deployed in the outlying coverage areas, Bell Mobility's subscribers can continue to use the 800 MHz analog network. Bell Mobility believes that deploying CDMA as the digital technology at both 800 MHz and 1.9 GHz will cost effectively deliver a superior network in terms of voice quality, capacity and integration with its current network.

Compatibility with Existing Analog Network. CDMA technology is available at both 1.9 GHz and 800 MHz, and interacts seamlessly using dual-mode handsets with analog technology, giving Bell Mobility significant flexibility to deploy additional capacity in its network in a cost-efficient manner, and to provide capacity, features, and value-added services to its entire subscriber base.

Broader Availability of CDMA to Facilitate Roaming. CDMA handsets being sold by Bell Mobility are dual-band, allowing them to operate at both 800 MHz and 1.9 GHz. Bell Mobility believes the widespread selection of the CDMA standard by wireless telephone operators will facilitate roaming outside of its service areas by its subscribers, and also roaming in its service area by other companies' subscribers. In this regard, Bell Mobility believes that CDMA will be the most widely deployed digital wireless technology in North America. The planned CDMA technology platform currently provides coverage of more than 200 million people across the United States. Some of the major United States cellular operators and PCS licensees who have selected CDMA technology include: AirTouch Communications, ALLTEL Mobile Communications Inc., Ameritech Cellular Communications Inc., Bell Atlantic Mobile Inc., Comcast Cellular Corporation, GTE MobilNet, 360° Communications, Southern New England Telephone Company, Centennial Cellular Corporation, PrimeCo Personal Communications and Sprint PCS.

Digital PCS Equipment Contracts

In December 1996, Bell Mobility and Nortel signed an agreement worth approximately $400 million for the purchase of CDMA infrastructure equipment. Deployment of CDMA infrastructure equipment over the next five years will include base station radio technology, mobility services and mobility switching.

In October 1996, Bell Mobility awarded a two-year handset contract worth approximately $75 million, to Sony. Under the terms of the contract Sony will provide both a single mode 1.9 GHz handset and "dual-mode", "dual-band" handset for Bell Mobility's *PCS Plus* plan. Under the terms of this agreement Sony and Bell Mobility will engage in co-marketing activities aimed both at enhancing Bell Mobility's market presence and leveraging Sony's retail presence.

On June 4, 1997, Bell Mobility announced it had awarded an 18-month, $70 million contract to QUALCOMM Inc. ("QUALCOMM") to supply CDMA digital handsets, including the "Q" phone, the world's smallest and lightest 1.9 GHz CDMA digital PCS phone. Bell Mobility is currently offering its *PCS Plus* customers QUALCOMM's QCP-2700, the first CDMA digital dual-band, dual-mode handset, providing seamless coverage between Bell Mobility's PCS network and its existing analog network. QUALCOMM's dual-band, dual-mode handsets are expected to increase a customer's ability to roam more freely throughout Canada and the United States in either digital PCS or analog cellular coverage areas.

Alliances and Roaming Agreements

Mobility Canada Alliance

BCE Mobile continues to benefit from its participation in Mobility Canada. Mobility Canada is owned and operated by the wireless affiliates or divisions of Canada's major telephone companies, with BCE Mobile owning a 50% interest. Collectively, Mobility Canada's owner companies operate the largest cellular and paging networks in Canada and together are able to provide customers with national service on a regional basis. Mobility Canada provides support to its owner companies in the delivery of cellular and enhanced services to their subscribers. At December 31, 1997, Mobility Canada accounted for approximately 59% of Canada's cellular and PCS market with 2,494,000 combined subscribers. Mobility Canada was the first cellular organization in Canada to have more than one million customers.

MobiLink Alliance

MobiLink offers a brand of North American cellular telephone service through an alliance of 24 leading United States and Canadian telecommunications companies, including the members of Mobility Canada and the cellular affiliates of the United States regional Bell operating companies. This multi-national service makes it easier for Bell Mobility's customers to use their cellular handset when travelling in the United States, through the establishment of consistent operating procedures, continent-wide standards for call quality and customer service. MobiLink's coverage zone includes 77% of the United States and 94% of the Canadian population — more than 200 million people.

Bell Mobility has also made coverage arrangements with cities and countries all over the world to ensure customers have roaming access outside its coverage area. The Company's roaming coverage is available in places such as Hong Kong, the Caribbean, and in over 650 cities across North America.

Sprint PCS Wireless Roaming Agreement

On July 15, 1997, Mobility Canada and Sprint PCS announced an agreement which will allow PCS wireless roaming throughout the United States and Canada. The combination has the potential to be the largest roaming network in North America, giving customers the ability to stay connected while in the United States and Canada using the Sprint PCS or Mobility Canada nationwide wireless networks.

Roaming service between Sprint PCS and Mobility Canada has recently become available to consumers using dual-band handsets that operate on digital PCS 1.9 GHz CDMA networks and analog cellular networks. As the digital PCS coverage in both countries expands, the agreement will provide the continued ability to receive consistent digital voice and data services in United States and Canadian cities.

Sprint PCS is building the first 100% CDMA, nationwide digital PCS network in the United States. The combined PCS licenses of Sprint PCS and its associates give Sprint PCS coverage throughout the United States, as well as Puerto Rico and the U.S. Virgin Islands. The entire Sprint PCS network operates at the 1.9 GHz frequency.

Microcell Roaming Agreement

On September 5, 1997, Mobility Canada finalized an agreement with Microcell that permits Microcell's customers with handsets that operate on both GSM and cellular systems to roam on Mobility Canada's cellular systems when outside the territory covered by Microcell's GSM network. The establishment of this roaming agreement has provided Mobility Canada members, including BCE Mobile, with an additional revenue source based on roaming patterns of Microcell's PCS customers. The agreement also allowed Mobility Canada members to meet the PCS licensing conditions prescribed by Industry Canada last year, allowing the alliance members to proceed with their own launch of PCS services.
Mobility Canada has the largest analog cellular coverage in Canada. As Microcell's customers begin to roam across the extensive Mobility Canada network, the resulting airtime charges will be paid to the members of Mobility Canada by Microcell.

Competition

In 1985, Industry Canada awarded two cellular licenses in each service area in Canada, which has resulted in a highly competitive cellular industry in Canada. New wireless technologies such as PCS and enhanced specialized mobile radio ("ESMR") have further increased the level of competition in the Canadian wireless industry. Management believes that the development of significant competition from new wireless service providers offering PCS or ESMR services is dependent upon their ability to continue to fund and build networks capable of offering service which is comparable in functionality and value to the services offered by BCE Mobile's businesses.

BCE Mobile cannot predict what impact increased competition and the introduction of new services will have on the growth rate of its existing wireless operations or on the pricing of its current services. BCE Mobile intends to compete vigorously in the wireless markets of the future, using its proven capabilities in the deployment and operation of wireless networks, its marketing expertise and its financial resources. It also intends to continue to enhance its existing wireless services as technology evolves, to apply for new radio licenses and to deploy new services to the benefit of its customers and shareholders.

In December 1995, Industry Canada awarded four licenses to provide PCS in the 1.9 GHz range to the shareholders of Mobility Canada including BCE Mobile, Cantel, and two new PCS entrants, Clearnet and Microcell. BCE Mobile and Cantel each received a license for 10 MHz of radio frequency spectrum in the 1.9 GHz range, while subsidiaries of Clearnet Communications Inc. ("Clearnet") and Microcell Telecommunications Inc. ("Microcell") each received PCS licenses for 30 MHz of radio frequency spectrum. Industry Canada did not license all of the available spectrum and has stated its intention to evaluate the need to allocate further PCS spectrum in two years. In addition to competing with cellular and other existing wireless services, PCS is expected to eventually compete with local wireline access services.

In November 1996, Microcell launched its PCS offering marketed under the "Fido" brand name in Montreal within a restricted urban footprint using GSM, a digital technology standard that is relatively new to North America. GSM, or "PCS 1900" as it is referred to when being used in North America at 1.9 GHz, began as a European standard. It is expected to be one of the principal digital wireless standards in the world. Microcell is currently competing for customers and for distribution channels directly against Bell Mobility's cellular and PCS networks. Sprint Corporation holds an indirect interest in Microcell.

In November 1996, Cantel announced the launch of digital "PCS" service on its 800 MHz network using its existing TDMA technology. To obtain Cantel's PCS service, customers are required to purchase a new upgraded version of their digital TDMA handset.

In October 1997, Clearnet launched its PCS offering in the greater metropolitan areas of Montréal, Toronto and Vancouver using CDMA technology. Clearnet is also a specialized mobile radio ("SMR") operator which owns an ESMR network in Canada offering cellular-like service. The majority owners of Clearnet are Motorola Canada Limited and NEXTEL Communications Inc. Since September 1996, Bell Mobility has faced additional competition in some parts of its operating territory from Clearnet's ESMR service which is marketed under the brand name "MiKE". MiKE delivers cellular-like voice services, paging, and dispatch on a single handset.

Clearnet has stated that it intends to encourage the conversion of its existing SMR customers to ESMR and to attract customers who use more than one wireless service, such as cellular and paging, cellular and dispatch or dispatch and paging. Clearnet's MiKE network is also expected to attempt to attract new customers from the existing pool of private radio users and mobile communications-intensive corporate clients with multiple employee-users.

In addition, the number of competitors in the Canadian cellular and PCS markets may be increased if wireless system operators are permitted to sell wireless services in bulk to another company for resale to the public. The practice of wireless resale has not generally developed in Canada to date. The CRTC recently examined the issue of wireless resale and concluded that the cellular and PCS markets in Canada were sufficiently competitive and as a result mandated unrestricted resale and sharing of cellular and PCS services is not required. Industry Canada has also reserved 40 MHz of PCS spectrum for future use, potentially increasing the competition faced by Bell Mobility. Industry Canada is also considering whether parties other than existing cellular and PCS licensees should be permitted to provide services in unserved or underserved areas.

PAGING OPERATIONS

The following table sets forth certain information with respect to BCE Mobile's paging service operations for the last five years:

	Years ended December 31				
	1997	1996	1995	1994	1993
	(thousands of dollars)				
Paging service revenues	$71,780	$68,300	$58,946	$49,066	$40,212
Number of pagers in service	475,000	396,000	275,000	220,000	181,000
Revenue per average pager ($/yr)	166	204	239	244	251
Capital expenditures	$19,427	$24,354	$24,580	$12,675	$14,538

BMP is the largest provider of paging services in Canada with approximately 475,000 pagers in service as of December 31, 1997, generating service revenues of $71.8 million in 1997.

The following table shows BMP's growth of pagers in service, annual growth and churn rate over the last five years:

Years Ended December 31	Pagers in Service	Net increase	% increase	Churn Rate % per month
1993 (1)	181,000	49,000	37%	3.8%
1994	220,000	39,000	22%	2.8%
1995	275,000	55,000	25%	2.9%
1996 (2)	396,000	121,000	44%	3.0%
1997	475,000	79,000	20%	2.7%

(1) Reflects the net acquisition of 16,000 pagers in 1993. Excluding the net acquisition, the percentage increase in the number of pagers was 25%.

(2) Reflects acquisitions of 48,000 pagers in 1996. Excluding the acquisitions, the percentage increase in the number of pagers was 27%.

BMP derives paging revenues from basic monthly service fees and from rental (typically on a month-to-month basis) and, to a lesser extent, the sale of pagers. The basic monthly charge in 1997 for a pager averaged approximately $14.

Revenue per average pager decreased 18% from $17 per month in 1996 to $14 per month in 1997. The decrease in average monthly revenue per pager resulted principally from competitive pressure and a larger proportion of lower revenue generating customers in the pager base.

BMP markets paging services in Ontario and Québec using a sales force of approximately 50 sales and dealer support representatives as well as an extensive network of dealers, agents and retail outlets, including Bell Canada's PhoneCentres. The distribution network also includes retail chains such as Canadian Tire, Price Club and Future Shop. BMP also utilizes telemarketing, media advertising and direct mail campaigns to reach targeted groups of customers.

EQUIPMENT SALES AND OTHER OPERATIONS

The following table sets forth certain information with respect to equipment sales and other operations during the last five years:

	Years ended December 31				
	1997	1996	1995	1994	1993
	(thousands of dollars)				
Revenues					
Equipment sales	$279,583	$ 115,312	$ 98,498	$ 72,098	$ 50,421
Other operations					
Data	4,152	5,607	5,041	3,811	3,366
Airline passenger communications	10,112	9,645	8,404	6,328	4,820
Private radio	16,210	19,017	15,862	16,512	18,357
Telephone answering services	-	-	-	309	7,165
Other (mainly BMC consulting services)	7,582	7,609	1,367	3,799	2,818
	$317,639	$ 157,190	$ 129,172	$ 102,857	$ 86,947

Equipment Sales

Equipment sales consist of sales to Bell Mobility dealers and other distributors across Canada of cellular and PCS handsets purchased from manufacturers, as well as sales of pagers to dealers and customers. The cellular and PCS hardware program consists of the bulk purchase of cellular and PCS hardware from manufacturers for resale to dealers.

Other Operations

Data Radio Network Services

Bell Mobility operates a trans-Canada mobile radio network dedicated to packet data transmission between mobile or portable terminals and remote computers (the "Ardis Network"). Customers of the Ardis Network include sales, repair, utility or transportation companies which need to access, retrieve and update information from the field. Bell Mobility has entered into an international supply agreement with Motorola Inc. ("Motorola"), providing access to Motorola's group of data radio products. The Ardis Network covers the 28 largest markets in Canada, representing almost 80% of the nation's business community. It also serves more than 70% of the Canadian wireless packet data market.

Airline Passenger Communications Services

BCE Mobile's airline passenger communications operations are conducted by Skytel Communications Corporation ("Skytel"), which operates a communications network in Canada for passengers travelling on Canadian commercial aircraft allowing passengers to place and receive in-flight, direct-dial calls to and from persons on the ground.

Skytel has an exclusive license arrangement with GTE Airfone (a United States company which operates a similar airline passenger telecommunication network in the United States) to use the GTE Airfone System in Canada. Calls placed from aircraft equipped by Skytel are routed through the Skytel system while such aircraft are over Canada, and through GTE Airfone system while such aircraft are over the United States. Skytel and GTE Airfone have constructed a network of ground stations in Canada and in the United States that permits passengers travelling on aircraft equipped by Skytel and GTE Airfone to place or receive calls while in flight over North America. Skytel is the exclusive provider of

passenger telecommunications service on Air Canada's domestic and international fleet pursuant to a ten-year agreement signed in 1994. Telecommunications service is also delivered on international flights while over the ocean through the INMARSAT satellite system.

Private Radio

BMR provides private and shared radio communications services in the transit, public security and utility markets specializing in systems integration of voice and data mobile communications on private and shared radio networks as a radio common carrier. These networks are designed for customers such as fleet operators and emergency services which typically do not require the ability to communicate with others outside their system. Generally, each private or shared radio network has one central base station and a number of mobile units. Revenues are generated from the rental and maintenance of existing customer networks and the installation and sale of new private radio systems.

REGULATION

Licensing Requirements

The use of radio spectrum is subject to regulation and licensing by Industry Canada pursuant to the *Radiocommunication Act*. The *Radiocommunication Act* provides the legislative authority to Industry Canada to perform a number of functions with a view to ensuring the orderly development and efficient operation of radiocommunication in Canada and the orderly establishment and modification of radio stations.

Under the *Radiocommunication Act*, the Minister of Industry has the discretion to issue radio licenses, establish technical standards in relation to radio equipment and plan the allocation and use of the radio spectrum. All of BCE Mobile's wireless communications services depend on the use of radio frequencies. Industry Canada plans and assigns the use of spectrum in Canada for various wireless communications systems and, where licensing is required, considers applications from prospective public and private operators of such systems for licenses to operate those systems. The Minister of Industry also has the authority to suspend or revoke radio spectrum licenses, if the license holder has contravened the Act, regulations or terms and conditions of its license and after giving the holder of the license a reasonable opportunity to make representations. Such revocation is rare and licenses are usually renewed upon expiration. At this time, Bell Mobility knows of no reason why its current radio licenses will not be renewed as they expire.

Industry Canada is considering authorizing third parties to use spectrum originally licensed to cellular providers to provide service in remote and rural areas where incumbent providers have decided not to extend their footprint.

Industry Canada typically assigns portions of the radio spectrum on a first-come, first-serve basis. However, in instances where the expressed demand for a given allocation of spectrum exceeds the amount available, a comparative selection process has been used to identify which of the various proposed systems will be authorized, based on relative merit. BCE Mobile was granted authority for its PCS network in December 1995, following such a comparative selection process. According to criteria announced by Industry Canada in June 1995, the successful applicants were to be judged according to, among other things, financial capability, service innovation, commitment to early and extensive deployment, technical, marketing and sales expertise and equipment availability.

In February 1996, Industry Canada announced the results of its review of the radio licensing process. Industry Canada concluded that a more streamlined version of the current comparative process should be retained. At the same time, Industry Canada announced its intention to establish an alternative competitive selection process incorporating a bidding procedure in instances where reliance on market forces is appropriate. Industry Canada is currently reviewing the

appropriate means to establish such an alternative.

Cellular License

In June 1985, the Minister of Communications (now the Minister of Industry) awarded an operating license to Bell Mobility as an arm's-length affiliate of Bell Canada for the provision of cellular service in Bell Canada's operating territory. In July of that year, Bell Mobility commenced offering cellular service.

The current term of Bell Mobility's cellular license expires on March 31, 2001. The following is a brief summary of the material conditions of Bell Mobility's cellular license:

(i) Bell Mobility must comply with the Canadian ownership and control requirements established in the *Telecommunications Act* and associated regulations;

(ii) the Minister of Industry must be notified prior to any material change in ownership or control in fact of Bell Mobility; and

(iii) at least 2% of adjusted gross revenues (excluding intercarrier payments, bad debts and third party commissions) of Bell Mobility for the period from April 1, 1996 to March 31, 2001 must be invested in research and development related to wireless telecommunications activities.

PCS License

In December 1995, following a competitive licensing process, the Minister of Industry granted BCE Mobile one of four licenses to provide PCS in the 1.9 GHz band for its operating territory. The terms and conditions applicable to such PCS licenses include requirements related to Canadian ownership and control, the time frame for rolling out service across Canada, a restriction on cellular-affiliated PCS licensees commencing to provide PCS service in the 1.9 GHz band in each of the 25 major metropolitan areas prior to the commencement of service by at least one PCS provider that is not affiliated with a cellular licensee, resale of PCS and cellular services and facilities to other PCS licensees, and research and development expenditures. The current term of BCE Mobile's PCS license expires on April 30, 2001.

Regulation as a Telecommunications Carrier

Foreign ownership regulations, adopted under the *Telecommunications Act*, promote and govern Canadian ownership and control of telecommunications common carriers and their holding corporations. The regulations require that 80% of the voting shares of telecommunications common carriers such as BCE Mobile's principal subsidiaries be beneficially owned and controlled by Canadians. Furthermore, these regulations provide that, in order for such subsidiaries of BCE Mobile to retain their eligibility to operate as telecommunications common carriers, BCE Mobile, as their carrier holding corporation, must ensure that Canadians own and control at least 66 2/3% of its voting shares. BCE Mobile regularly monitors its shareholdings to ensure compliance with these regulations.

Under the *Telecommunications Act,* all telecommunications common carriers, including Bell Mobility, are required to seek regulatory approval for all proposed tariffs for telecommunications services. The Telecommunications Act also requires that all rates be just and reasonable and prohibits a carrier from conferring an undue preference or advantage on any person. However, under the *Telecommunications Act,* the CRTC has the power to forbear from regulating, in whole or in part, particular services. The CRTC may also exempt an entire class of carrier from regulation under the *Telecommunications Act,* where the CRTC finds that exemption of the class of carriers is consistent with the objectives of Canadian telecommunications policy.

In December 1996, the CRTC confirmed an earlier decision that it was appropriate to forbear from regulating the rates for interconnected switched mobile voice services (i.e. cellular, PCS and ESMR) other than wireless services provided in-house by the telephone companies. The CRTC determined, however, that all interconnected mobile service providers should remain subject to the statutory requirement prohibiting them from discriminating unjustly between customers. The CRTC also retained its jurisdiction to impose conditions on the provision of any interconnected switched mobile voice service. Other services (i.e., paging, data radio network, airline passenger communications and private and shared radio services) are subject to unconditional forbearance from regulation.

The CRTC has imposed certain restrictions on the wireline telephone companies to ensure that the cellular operations of affiliates of the telephone companies would not be subsidized by revenue from the telephone companies' wireline operations and that the wireline telephone companies would not confer any undue preference or advantage on their cellular operations or affiliates. The CRTC is, however, in the process of considering whether it remains appropriate to apply these restrictions to the telephone companies, in light of developments in the regulatory framework and the marketplace.

Current Regulatory Environment

The CRTC initiated a number of proceedings in 1996 that examined whether to mandate various forms of access (resale, unbundling, equal access) to wireless networks for competitors, the appropriate form of regulation for wireless carriers, contribution towards the local telephone service subsidy and new common channelling signalling system interconnection tariffs (CCS7), which will provide greater trunking efficiencies and the ability to offer enhanced features to wireless carriers and their customers. These are discussed below.
Resale. The CRTC examined whether or not to mandate resale and sharing of cellular and PCS services, including whether such resale and sharing is in the public interest and, if so, what restrictions, if any, would be appropriate. On December 3, 1997, the CRTC issued Telecom Order 97-1797 which concluded that the cellular and PCS markets were sufficiently competitive and as a result mandated unrestricted resale and sharing of cellular and PCS services is not required.

Unbundling, Equal Access, Co-Location. The CRTC, in response to applications from Air Reach Integrated Network Ltd. and Sprint Canada Inc., initiated a proceeding to examine applying the same type of mandated interconnection/access requirements to wireless carriers as currently applies to monopoly telephone companies. A decision is expected before the end of the year. The impact of such arrangements, if mandated, will depend on the extent to which competitors are required to bear the costs of such arrangements and the extent that Bell Mobility is required to reprice.

Local Competition. In Telecom Decision 97-8, issued May 1, 1997, the CRTC rendered its decision on local competition and unbundling of monopoly telephone company local services. Wireless Service Providers ("WSPs") such as Bell Mobility can, pursuant to the terms of the decision, choose to become Competitive Local Exchange Carriers ("CLECs") or remain non-CLEC/WSPs. CLECs, while able to participate in the CRTC's residential subsidy program, are also subject to more regulatory oversight than non-CLEC/WSPs. A non-CLEC/WSP can assume CLEC status with fairly minor regulatory formality at any time in the future. BCE Mobile is currently assessing the merits and demerits of becoming a CLEC.

Toll Contribution. In Telecom Order 97-590, issued May 1, 1997, the CRTC determined that all WSP interexchange switched mobile voice services that originate or terminate on the telephone companies public network would be subject to toll contribution effective January 1, 1998. Accordingly, Bell Mobility will be required to pay a certain amount of toll contribution. Another result of this order is that cellular providers are no longer restricted from carrying on long distance between fixed landline stations.

Item 3 - THE BUSINESS OF BCE MOBILE

BUSINESS OPPORTUNITIES

BCE's principal businesses are the provision of telecommunications services, the manufacture of telecommunications equipment, the holding of international telecommunications investments and the publishing of telephone directories. BCE and its subsidiaries and associated companies other than BCE Mobile may, from time to time, be presented with, and may elect to pursue, business opportunities which might also be pursued by BCE Mobile. As the various markets in the telecommunications industry are converging, opportunities attracting both BCE Mobile and such other entities are likely to surface. BCE and certain of its subsidiaries and associated companies have substantial global operations and far greater financial, technical and operational resources than BCE Mobile. There can be no assurance that BCE Mobile, BCE and their respective affiliates and operating companies will not compete with each other in the future. In particular, BCE presently intends to use Bell Canada International Inc. as its primary vehicle for investment in telecommunications services in emerging markets. Although BCE has stated that it intends to use BCE Mobile as its sole vehicle in Canada for future acquisitions and expansion in cellular telecommunications, paging, telephone answering and private and shared radio communications services ("Mobile Communications"), it is not legally obligated to do so and there can be no assurance that BCE's current intentions will not change in future.

BCE Mobile's Articles prohibit it from engaging in, or owning more than 50% of any company engaged in, businesses other than Mobile Communications, including the conduct of all activities necessary or incidental thereto, and including all businesses in which BCE Mobile was lawfully engaged in on October 28, 1987, whether for itself or others. Such restraints may be waived by the board of directors of BCE in any particular or general case, and in any event will lapse if BCE holds directly or indirectly less than 20% of the total number of outstanding common shares of the Company.

Of the nine directors that comprise the board of directors of BCE Mobile, five are also directors or officers of BCE or its other subsidiaries. Although they have certain fiduciary obligations to BCE Mobile, these directors are in positions that may result from time to time in conflicts of interest with respect to transactions involving BCE Mobile. There can be no assurance that any such conflict will be resolved in favor of BCE Mobile. In addition, the Articles provide that, to the extent permitted by law, neither BCE Mobile nor any of its shareholders will have a claim against any director, officer or affiliate for breach of any fiduciary duty, for not acting with a view to the best interests of BCE Mobile, or for acting oppressively or unfairly disregarding the interests of BCE Mobile's shareholders on account of a diversion of a business opportunity unless (i) the opportunity relates solely to a business in which BCE Mobile is authorized to engage and (ii) the unrelated directors of BCE Mobile do not disclaim the opportunity by the vote required by the Articles.

REGISTRATION RIGHTS AGREEMENT

Under a Registration Rights Agreement between BCE Mobile and BCE dated December 11, 1987 (the "Agreement"), BCE Mobile has agreed upon the request of BCE to use its best efforts to file one or more prospectuses under applicable provincial securities legislation in Canada and to take appropriate action under the laws of foreign jurisdictions designated by BCE in order to permit BCE to offer and sell, domestically or abroad, any common shares of BCE Mobile which BCE may hold, directly or through a subsidiary, at any time after the date of the Agreement. There is no limitation on the number or frequency of the occasions on which BCE may exercise its rights, except that BCE Mobile will not be required to comply with any request unless the request involves at least 5% of the total number of its common shares then outstanding.

BCE Mobile has also granted BCE the right to offer its common shares of BCE Mobile in certain prospectuses covering securities of BCE Mobile. BCE Mobile will pay all costs of such offerings other than costs attributed to the inclusion of securities of BCE Mobile owned by BCE, directly or through a subsidiary, in such prospectuses.

OTHER INVESTMENTS

IRIDIUM

The IRIDIUM system is expected to be the world's first global wireless communications network that will combine the worldwide reach of 66 low-earth-orbit satellites with land-based wireless systems to enable subscribers to communicate using handheld telephones and pagers virtually anywhere in the world. The system is expected to provide a variety of communications services, including voice, data, facsimile and paging.

BCE Mobile has been a participant in the IRIDIUM project since 1993. As of December 31, 1997, BCE Mobile had invested approximately $45 million in voting shares of Iridium Canada Inc. ("Iridium Canada"). BCE Mobile's investment in voting shares represents a 47.6% voting and economic interest in Iridium Canada, which in turn, owns approximately 4% of Iridium, L.L.C. In June 1997, Iridium World Communications Ltd., a company with an 8.5% interest in Iridium, L.L.C., effected an initial public offering, raising proceeds of US$240 million. As of February 9, 1998, Iridium World Communications had an equity market capitalization of approximately US$494 million. Based on the current market price of Iridium World Communications, the market value of BCE Mobile's investment in Iridium Canada is approximately $147 million. In addition, BCE Mobile has invested approximately $11 million in convertible preferred shares of Iridium L.L.C. and made loans of approximately $7 million to Iridium Canada.

The IRIDIUM project has recently met several key operating milestones. Orbit testing is underway, and satellite-to-ground messages and inter-satellite link testing have been completed. Management believes that the IRIDIUM project is ahead of other mobile communications satellite companies in the deployment of the space segment of its network with 46 satellites already in orbit. Commercial service activation is expected to commence in the fall of 1998.

MSAT

BCE Mobile is a distributor of MSAT mobile communications satellite services in remote and sparsely populated areas of Canada where regular cellular service is not available.

The MSAT project was initiated by Telesat Mobile Inc. ("TMI") a company formed by Telesat Canada and other investors. As a part of the reorganization of TMI in 1993, BCE Mobile agreed to exchange its $30 million investment in debentures of TMI for a service agreement with TMI Communications and Company, Limited partnership ("TMI Communications"), TMI's successor company. Under this seven-year agreement, TMI Communications will provide 50 million minutes of satellite capacity to BCE Mobile at no additional cost during the first five years of the contract's term. During the last two years of the contract, BCE Mobile has agreed to purchase an additional 10 million minutes of satellite capacity at the lower of market rates or $1.00 per minute. The contract's term began in January 1996 when TMI Communications commenced commercial satellite service using leased satellite capacity. TMI Communications successfully launched its own satellite in April 1996.

Management cannot predict the extent of or the rate at which a market for MSAT services will develop and allow realization of the 50 million minutes available under the service contract.

RESEARCH AND DEVELOPMENT

BCE Mobile is involved in research and development activities relating to the development of value-added services to its core mobile communications services as well as in conducting field trials of new and emerging mobile communications technology.

EMPLOYEE RELATIONS

At December 31, 1997, BCE Mobile employed 2,940 employees, or some 259 more than at December 31, 1996. Approximately 3% of BCE Mobile's employees are unionized. BCE Mobile considers its employee relations to be good.

PROPERTIES

BCE Mobile's investment in property at December 31, 1997 totalled $2,058.0 million, before deducting accumulated depreciation of $929.4 million, up from $1,657.0 million at December 31, 1996. Approximately 71% of the property represents Bell Mobility's cellular network equipment in Ontario and Québec. Bell Mobility maintains numerous sites of antennae, microwave transmission equipment and switches for its cellular operations. Generally, these sites are leased, although Bell Mobility has purchased premises where management believes it is in the best interest of Bell Mobility to do so. Bell Mobility leases a number of sites from Bell Canada for certain of its cellular operations. However, the majority of Bell Mobility's site leases are with unaffiliated third parties.

BMP, BMR and Skytel do not own any real estate. BMP leases transmission sites located on towers or on the roofs of tall buildings, most of which are shared with Bell Mobility. BMR leases its transmission sites, the majority of which are leased from Bell Canada. Skytel leases most of its facilities from unaffiliated companies.

Item 4 - SELECTED CONSOLIDATED FINANCIAL INFORMATION

(thousands of dollars, except per share amounts)

A) FIVE-YEAR DATA	For the years ended December 31				
	1997	1996	1995	1994	1993
Operations					
Revenues					
Cellular and PCS service	$819,682	$708,688	$597,897	$468,756	$372,512
Paging service	71,780	68,300	58,946	49,066	40,212
Equipment sales and other operations	317,639	149,318	124,184	98,696	84,567
	1,209,101	926,306	781,027	616,518	497,291
Operating costs	419,758	252,001	218,026	171,162	152,607
Selling expense	228,403	210,967	174,525	118,483	88,859
General and administrative expenses	195,593	160,836	122,774	105,397	87,174
Operating income before depreciation and amortization	365,347	302,502	265,702	221,476	168,651
Depreciation and amortization	202,172	170,217	147,648	119,544	102,718
Special charges	-	70,620(1)	-	-	-
Operating income	163,175	61,665	118,054	101,932	65,933
Net income	70,909	63,936	51,043	36,625	3,580
Net income under US GAAP	70,653	61,928	48,902	33,604	5,089
Cash flow from operations	288,183	235,807	213,014	183,934	134,749
Capital expenditures	429,389	329,809	241,844	127,091	162,840
Average common shares (thousands)	69,363	69,346	69,305	69,265	69,210
Per Share Data					
Earnings	$1.02	$0.92	$0.74	$0.53	$0.05
Earnings under US GAAP	1.02	0.89	0.71	0.48	0.07
Cash flow from operations	4.15	3.40	3.07	2.66	1.95
Financial Position					
As at December 31					
Fixed assets - net	$1,128,909	$ 895,618	$ 730,072	$644,004	$647,389
Total assets	1,691,102	1,269,267	1,130,455	895,137	863,135
Total assets under US GAAP	1,691,102	1,270,379	1,190,812	923,799	870,866
Total debt	721,632	422,070	429,000	297,828	372,981
Shareholders' equity	619,410	547,844	483,464	430,927	393,429
Shareholders' equity under US GAAP	620,266	548,956	534,574	452,302	400,610

(1) Consists of: (a) a $22.5 million special charge related to plans to facilitate migrations of customers who were then currently using TDMA technology to CDMA; and (b) a $48.1 million write off of the unamortized balance of deferred equipment costs.

Item 4 - SELECTED CONSOLIDATED FINANCIAL INFORMATION

(thousands of dollars, except per share amounts)

B) QUARTERLY DATA

	1997				1996			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operations								
Revenues								
Cellular and PCS service	187,162	207,420	214,036	211,064	157,365	177,435	183,944	189,944
Paging service	17,124	18,023	17,775	18,858	15,820	16,575	18,259	17,646
Equipment sales and other operations	43,806	37,750	39,388	196,695	23,149	37,625	33,918	54,626
	248,092	263,193	271,199	426,617	196,334	231,635	236,121	262,216
Operating costs	72,787	65,566	67,359	214,046	49,881	60,864	60,389	80,867
Selling expense	44,141	47,992	49,620	86,650	42,313	55,502	48,376	64,776
General and administrative expenses	43,163	46,413	47,671	58,346	35,867	40,908	40,874	43,187
Operating income before depreciation and amortization	88,001	103,222	106,549	67,575	68,273	74,361	86,482	73,386
Depreciation and amortization	47,176	48,468	52,239	54,289	47,937	38,329	40,450	43,501
Special charges (1)	-	-	-	-	16,250	-	6,250	48,120
Operating income	40,825	54,754	54,310	13,286	4,086	36,032	39,782	(18,235)
Net income	18,022	25,670	25,684	1,533	43,270	15,259	21,500	(16,093)
Net income under US GAAP	18,656	26,597	26,810	(1,410)	40,212	15,431	21,650	(15,365)
Cash flow from operations	67,064	74,414	75,318	71,387	52,762	55,713	55,215	72,117
Capital expenditures	90,210	116,832	98,271	124,076	43,303	91,564	60,158	134,784
Average common shares (thousands)	69,353	69,360	69,365	69,371	69,342	69,345	69,346	69,350
Per Share Data								
Earnings (loss)	0.26	0.37	0.37	0.02	0.62	0.22	0.31	(0.23)
Earnings (loss) under US GAAP	0.27	0.38	0.39	(0.02)	0.58	0.22	0.31	(0.22)
Cash flow from operations	0.97	1.07	1.09	1.03	0.76	0.80	0.80	1.04
Balance Sheet								
As at the end of the period								
Fixed assets - net	940,399	1,011,187	1,058,892	1,128,909	725,895	782,195	802,733	895,618
Total assets	1,309,715	1,393,370	1,456,377	1,691,102	1,145,716	1,137,600	1,160,086	1,269,267
Total assets under US GAAP	1,309,715	1,393,370	1,456,377	1,691,102	1,145,779	1,137,316	1,159,952	1,270,379
Total debt	504,174	545,630	544,327	721,632	428,590	350,946	344,112	422,070
Shareholders' equity	566,096	591,766	617,859	619,410	526,876	542,213	563,720	547,844
Shareholders' equity under US GAAP	568,269	594,866	621,676	620,266	527,240	542,671	564,321	548,956

(1) Consists of : (a) a $22.5 million special charge related to plans to facilitate migrations of customers who are currently using TDMA technology to CDMA; and (b) a $48.1 million write off of the unamortized balance of deferred equipment cost.

C) DIVIDEND POLICY

BCE Mobile's policy since its formation in 1987 has been to reinvest any earnings in the growth of its business. It therefore does not currently expect to pay dividends on its common shares for the foreseeable future. The board of directors of BCE Mobile will determine future dividend policy based on results of operations, financial condition, capital requirements and other circumstances.

Item 5 - MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis of the results of operations and financial condition of the Company should be read in conjunction with the audited Consolidated Financial Statements of the Company for the three years ended December 31, 1997.

This MD&A contains forward-looking statements with respect to BCE Mobile. These forward-looking statements by their nature necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements.

BCE Mobile considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of BCE Mobile, may ultimately prove to be incorrect.

In order to provide a meaningful discussion of the results of operations of 1997, figures for 1996 and 1995 have been adjusted as if the accounting treatment to recognize billing credits and expense hardware costs as incurred had been in place in prior years.

Overview

	1997	1996	1995	% change 1997/ 1996	% change 1996/ 1995
Subscribers (000) (a)	1,699	1,443	1,075	18%	34%
	(millions of dollars)				
Net income	$ 70.9	$ 63.9	$ 51.0		
Net income - before non-recurring items, adjusted (b)	70.9	46.3	43.1	53%	7%
Revenues	1,209.1	926.3	781.0		
Revenues, adjusted (b)	1,209.1	918.1	781.0	32%	18%
EBITDA (c)	365.3	302.5	265.7		
EBITDA, adjusted (b) (c)	365.3	278.3	251.9	31%	10%
Capital expenditures	429.4	329.8	241.8	30%	36%

(a) Including cellular, PCS, paging, data and other
(b) Adjusted to recognize billing credits and/or expense hardware costs as incurred
(c) EBITDA refers to operating income before depreciation, amortization and special charges

The Company reported consolidated net income of $70.9 million for the year ended December 31, 1997 compared to $63.9 million in 1996. Net income for the year ended December 31, 1996 included non-recurring gains on sale of investments ($54.9 million), partly offset by provisions ($23.6 million) relating mainly to the Company's decision to adopt CDMA as the digital technology platform for its 800 MHz cellular and 1.9 GHz PCS operations, and a special charge to write-off the unamortized balance of costs associated with certain customer contracts ($27.6 million). Effective January 1, 1997, the Company discontinued the practice of deferring and amortizing billing credits and the cost of cellular hardware included in rate packages and in hardware upgrades to existing customers. In 1997, these costs are expensed as incurred. If the new accounting treatment had been in effect in 1996, net income for the year ended December 31, 1996 would have been reduced by $13.9 million. Therefore, excluding the gains on sale, the provisions and adjusting for the change in accounting treatment, net income for the year ended December 31, 1997 increased by 53% to $70.9 million from $46.3 million in 1996.

Item 5 - MANAGEMENT'S DISCUSSION AND ANALYSIS

In October 1997, BCE Mobile began offering personal communications services ("PCS") in the urban areas of Toronto, Montréal, Ottawa and Québec City. At December 31, 1997, there were approximately 49,000 digital customers in the cellular and PCS subscriber base. In keeping with the Company's strategy for the initial deployment of PCS, the majority of these PCS customers had migrated from existing analog and digital services. Since the initial launch of PCS, network coverage has been extended in Southern Ontario. The Company plans to extend coverage further to smaller urban areas and along major transportation corridors within Ontario and Quebec.

Consolidated revenues increased by $291.0 million, or 32%, to $1,209.1 million for the year. The increase resulted mainly from a 17% increase in cellular and PCS service revenues from $700.5 million to $819.7 million, and an increase of $171.8 million in paging service revenues, equipment sales and other revenues.

Operating income before depreciation, amortization and special charges ("EBITDA") increased by 31% to $365.3 million due to higher cellular and PCS service EBITDA, which in turn was due to a 26% increase in the average number of cellular and PCS subscribers, partly offset by lower average revenue per subscriber and higher general and administrative expenses.

Capital expenditures increased by $99.6 million to $429.4 million for the year. The increase resulted from the initial buildout of the Company's digital PCS network, expenditures to increase the capacity of its analog cellular network, as well as spending on facilities and systems infrastructure. As of December 31, 1997, approximately $216.5 million has been invested in the digital PCS network, including $148.9 million during the year.

Results of Operations

Cellular and PCS service

Components of the Cellular and PCS Service Operating Cash Flow Margin:

				% change	
	1997	1996	1995	1997/ 1996	1996/ 1995
	(millions of dollars)				
Service revenues	$ 819.7	$ 700.5	$ 597.9	17%	17%
Operating costs and expenses excluding depreciation and amortization	(487.4)	(432.8)	(355.4)	13%	22%
Operating cash flow	$ 332.3	$ 267.7	$ 242.5	24%	10%
Margin (%)	41	38	41		

Cellular and PCS service revenues totaled $819.7 million for the year, an increase of $119.2 million or 17% over 1996. The increase was mainly due to a 26% increase in the average number of subscribers, partly offset by lower revenue per subscriber.

	1997	1996	1995	% change 1997/ 1996	% change 1996/ 1995
Subscriber activations.................................. (000)	328	376	310	(13%)	21%
Subscriber deactivations.............................. (000)	151	130	104	16%	25%
Churn...(%/month)	1.1	1.2	1.3	n.m.	n.m.
Subscribers (end of period)........................... (000)	1,221	1,044	798	17%	31%
Average subscribers..................................... (000)	1,110	884	668	26%	32%
Average service revenue per subscriber..($/month)	62	66	75	(6%)	(12%)

n.m.: not meaningful

Subscriber activations for the year ended December 31, 1997 were 328,000, 13% lower than in 1996. Lower activations can be attributed to reduced advertising and promotional activity in the industry in the first three quarters of the year, as well as general market uncertainty on the part of potential subscribers in the fourth quarter, when all four wireless providers embarked on major advertising campaigns relating to their digital services.

Subscriber deactivations increased by 21,000 to 151,000 for the year ended December 31, 1997, reflecting the significantly larger subscriber base in 1997. Included in the deactivations in 1997 was the impact of the Company's decision not to extend the life of certain rate packages for those customers who use a significant number of minutes without generating a corresponding level of revenues. The replacement rate packages being offered to renewing customers are designed to be profitable to the Company as well as offer value to the customers. Despite this decision, the churn rate decreased to 1.1% per month from 1.2% per month last year.

Average revenue per subscriber decreased by 6% to $62 per month for the year from $66 in 1996, compared to a 12% decrease in the prior year.

Cellular and PCS operating costs and expenses excluding depreciation and amortization increased by $54.6 million or 13% over last year.

Cellular and PCS operating costs, which consist mainly of costs associated with network operations, cell site leases and interconnection with the local wireline telephone companies, increased by $13.6 million in 1997. Higher system license fees and roaming costs associated with the larger subscriber base ($15.6 million) and higher network maintenance costs ($5.5 million), partly offset by lower interconnection charges ($7.5 million), accounted for the increase.

Selling expenses for the year ended December 31, 1997 increased by $11.1 million, or 6%, to $212.5 million compared to last year, primarily as a result of higher commissions relating to the larger subscriber base ($9.2 million) and higher advertising costs ($3.2 million). Selling expenses include the hardware subsidy, dealer commission and other costs necessary to migrate an existing subscriber to PCS.

On a per subscriber basis, cellular and PCS selling expenses were $647 per activation for the year, compared to $530 last year. Excluding residual commissions paid to dealers, the figures were $542 for 1997 compared to $458 in 1996.

Other cellular and PCS operating expenses, which include expenses necessary to maintain the subscriber base, increased by approximately $29.9 million for the year ended December 31, 1997, mainly as a result of a 17% increase in the subscriber base. The increased expenses are due mainly to higher employee-related and occupancy expenses in the information systems and customer service areas.

Cellular and PCS service operating cash flow increased by 24% to $332.3 million for the year compared to $267.7 million in 1996. The operating cash flow margin increased to 41% from 38% in 1996.

Paging Service, Equipment Sales and Other

Paging service, equipment sales and other includes the operation of Canada's largest paging business, the sale of cellular, PCS, paging and wireless data hardware, voice and data communications services for passengers traveling with Air Canada, cellular data and wireless packet data communications services, the design, installation and maintenance of major private radio networks, and consulting services.

Components of the Paging Service, Equipment Sales and Other Cash Flow:

				% change	
	1997	1996	1995	1997/ 1996	1996/ 1995
	(millions of dollars)				
Revenues	$ 389.4	$ 217.6	$ 183.1	79%	19%
Operating costs and expenses excluding depreciation and amortization	(356.4)	(207.0)	(173.7)	72%	19%
Operating cash flow	$ 33.0	$ 10.6	$ 9.4		

Revenues from paging service, equipment sales and other totaled $389.4 million, an increase of $171.8 million compared to 1996. Paging service revenue increased by $3.5 million and equipment sales and other operations increased by $168.3 million. The increase in equipment sales and other revenue is mainly due to the sale of handsets and accessories by the Company to dealers and other distributors across Canada.

				% change	
	1997	1996	1995	1997/ 1996	1996/ 1995
Pagers in service (at end of period) (000)	475	396	275	20%	44%
Pagers in service (average) (000)	433	334	247	30%	35%
Churn (%/month)	2.7	3.0	2.9	n.m.	n.m.
Service revenue per pager ($/month)	14	17	20	(18%)	(15%)

n.m.: not meaningful

The increase in paging service revenues resulted from a 30% increase in the average number of pagers in service, partly offset by lower revenue per average pager compared to last year.

Revenue per average pager decreased 18% to $14 per month for the year from $17 per month last year. The decrease resulted mainly from the effect of competitive pricing in the marketplace.

Paging service operating costs and expenses excluding depreciation and amortization decreased by $4.1 million from last year. Selling expenses, which include costs incurred to acquire new paging customers, decreased by $3.0 million compared to last year. The lower selling expenses resulted mainly from reduced advertising expenses. Selling costs per pager activated decreased by 32% in 1997 compared to last year.

The contribution of paging service, equipment sales and other operations to consolidated EBITDA increased by $22.4 million to $33.0 million in 1997. The increase is due to higher contributions from paging operations ($7.6 million), combined with higher contributions from equipment sales and other operations ($14.8 million).

Depreciation and Amortization

Depreciation and amortization increased to $202.2 million from $160.9 million, on an adjusted basis, in 1996. The increase reflects the impact of the higher level of fixed assets in 1997.

Interest Expense

Interest expense increased by $7.5 million to $42.2 million during the year. The increase resulted from higher average debt outstanding, partly offset by lower cost of debt. At December 31, 1997, the weighted average interest rate on the Company's fixed-rate debt was 7.6% (8.3% at December 31, 1996). Approximately 88% of the debt was in fixed-rate debentures and term bank financing. All debt and interest payments are in Canadian dollars or are fully hedged into Canadian dollars.

Taxes and Other Government Fees

	1997	1996	1995
		(millions of dollars)	
Taxes and other government fees paid...........	$149.6	$93.3	$66.6

Taxes and other government fees paid for 1997 increased by $56.3 million, or 60% to $149.6 million in 1997. This total includes income taxes, net sales taxes, municipal, payroll and capital taxes and license fees paid to all levels of government and their agencies.

Liquidity and Capital Resources

	1997	1996	1995
	(millions of dollars)		
Operating activities			
Cash flow from operations	$ 288.2	$ 235.8	$ 213.0
Other operating activities	(148.3)	(30.9)	18.5
	139.9	204.9	231.5
Investing activities			
Capital expenditures	(429.4)	(329.8)	(241.8)
Divestitures and other	2.8	106.5	3.4
Investments and acquisitions	(6.5)	(44.2)	(62.4)
	(433.1)	(267.5)	(300.8)
Free cash flow	(293.2)	(62.6)	(69.3)
Financing activities			
Debt	286.4	(5.6)	130.0
Equity and other	0.7	(0.5)	4.4
Decrease (increase) in cash	6.1	68.7	(65.1)
	293.2	62.6	69.3

Cash flow from operating activities decreased by $65.0 million to $139.9 million in 1997 compared to last year, as increased working capital requirements ($117.4 million) more than offset higher cash flow from operations ($52.4 million). The higher working capital requirements resulted mainly from the fourth quarter purchase and resale of analog handsets referred to in 'Results of Operations - Paging, Equipment Sales and Other'. The higher cash flow from operations was due to higher EBITDA, partly offset by higher interest expense and current income taxes. The higher current income taxes are related to the higher level of taxable income generated in 1997.

Cash required for investing activities increased by $165.6 million to $433.1 million during the year. The increase was due to higher capital expenditures ($99.6 million), lower proceeds of sale of investments ($103.7 million), partly offset by lower acquisitions ($37.7 million).

Capital expenditures of $429.4 million for the year consisted of $129.3 million for the analog cellular network, $148.9 million for the digital PCS network and $151.2 million for facilities, systems hardware and software and other operations. Cellular capital expenditures were primarily for the expansion of the capacity of the cellular network in response to both the increase in the number of cellular subscribers and to the increase in usage per subscriber, while digital PCS capital expenditures were primarily for the initial buildout of the PCS network.

Divestitures and other activities during 1996 consisted mainly of the proceeds of sale of the Company's investment in Clearnet Communications Inc. ($65.7 million) and Teletech Financial Corporation ($12.3 million), as well as a reimbursement of funds relating to the Company's investment in AirLink, L.L.C. ("AirLink") ($27.2 million). Most of the AirLink investment, made in 1995, represented the Company's share of the deposit required for AirLink's participation in the "C Block" auctions for PCS spectrum in the United States. In March 1996, AirLink withdrew from the auctions and the deposit was refunded to its investors. The Company then wrote off the balance of its remaining investment and costs associated with the AirLink project.

Investments and acquisitions in 1997 consist mainly of investments in the IRIDIUM satellite project. Investments and acquisitions in 1996 include the purchase of the paging operations of TeleZone Corporation ($18.8 million) and investments in the IRIDIUM satellite project ($18.9 million).

Cash flow from investing activities exceeded operating activities by approximately $293.2 million in 1997. In addition, the Company repaid $4 million of the senior unsecured debentures, series B, in August 1997. These requirements were funded with two issues of senior unsecured debentures by Bell Mobility Cellular Inc., totaling $300 million. Both issues were sold to major Canadian and U.S. institutional investors. The first issue, series E, carries a coupon rate of 7.3% and matures in January 2007. The second issue, series F, carries a coupon rate of 6.55% and matures in June 2008. As of December 31, 1997, the Company's ratio of debt to total capital was 54% compared to 44% as of December 31, 1996.

The Company has unsecured revolving credit facilities totaling $380 million. At December 31, 1997 there were no amounts drawn under these facilities. (See Note 10 to the Consolidated Financial Statements for details of the financing agreements). The Company anticipates that capital expenditures for 1998 will be approximately $450 million. Cash generated from operations, together with the existing credit facilities and additional financing through traditional sources, will provide the Company with the financial resources to fund anticipated capital and other expenditure requirements, operating costs and debt service requirements through the end of 1998.

RISKS AND UNCERTAINTIES

Competition

The Canadian wireless telecommunications industry is highly competitive. The Company expects competition to increase as a result of the recent entry of new competitors and the development of new technologies, products and services. Moreover, it is the policy of the Government of Canada to encourage competition in the field of telecommunications.

The number of competitors in the Canadian cellular and PCS markets may also increase if wireless system operators choose to sell wireless services in bulk to other companies for resale to the public. The practice of wireless resale has not generally developed in Canada to date. In addition, Industry Canada has reserved 40 MHz of spectrum in the 1.9 GHz band for future use which potentially could be licensed to companies not currently holding cellular or PCS licenses. Industry Canada is also considering whether parties other than existing cellular and PCS licensees should be permitted to provide services in unserved or underserved areas of the country.

The market for paging services in Canada is also highly competitive. The Company currently competes with numerous other local and national paging companies.

Rapid Technological Change

The wireless telecommunications industry is experiencing significant technological change as evidenced by the increasing pace of digital and other upgrades to existing analog wireless systems, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products and enhancements and changes in end-user requirements and preferences. Such continuing technological advances make it difficult to predict the extent of future competition with cellular, PCS and paging services.

The operations of the Company depend in part upon the successful deployment of continually evolving wireless communications technologies, which will require significant capital expenditures to deploy. There can be no assurance that such technologies will be developed according to anticipated schedules, that they will perform according to expectations, or that they will achieve commercial acceptance.

PCS Operations

The Company launched PCS service in October 1997. The Company expects to incur significant costs to develop a PCS customer base which will include capital expenditures, promotional offerings and handset subsidies. The Company also expects competition to be intense in the PCS market with four PCS service providers in each service area. In addition, increases in the Company's PCS customer base will result in the reduction, over time, of the Company's existing cellular customer base. In particular, the Company is focused on migrating its existing high-usage cellular customers to PCS. While the Company believes its PCS operations will eventually become profitable and generate positive cash flow, the Company expects that building its PCS customer base will adversely affect the Company's profitability and its margins in the short to medium term.

Mobile Satellite Services

MSAT: In connection with the reorganization of Telesat Mobile Inc. ("TMI") in 1993, BCE Mobile agreed to exchange its $30 million investment in debentures and share purchase warrants of TMI for a service agreement with TMI Communications and Company, Limited Partnership ("TMI Communications"), TMI's successor company. The agreement stipulates that TMI Communications will provide 50 million minutes of MSAT satellite capacity to BCE Mobile at no additional cost during the first five years of the contract's seven-year term. The term began in January 1996, when TMI Communications commenced its commercial satellite service. As of December 31, 1997, approximately 2 million of the minutes available under the contract had been drawn down.

IRIDIUM: BCE Mobile, primarily as a shareholder of Iridium Canada Inc., is participating in the US $3.9 billion IRIDIUM mobile communications satellite project. The IRIDIUM system is expected to provide global voice and data communications services by 1998 through a network of 66 low-earth orbit satellites. Iridium Canada Inc. holds approximately 4% of Iridium, L.L.C. and 20% of the project's North American gateway. At December 31, 1997, BCE Mobile had invested US $46.6 million (C $63.3 million) in the project. Additional funding will be required to fund the construction and initial losses of the project's North American gateway.

While management expects that its mobile satellite businesses will eventually be commercially successful, it can predict neither the extent of the eventual market for satellite services nor the rate at which it will develop.

Year 2000

The "Year 2000 Issue" is a general term used to refer to certain technological and business implications of the arrival of the new millennium. This is as a result of computer programs being written using two digits rather than four to define an applicable year. If they are not Year 2000 compliant, computer applications that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. Like many major companies employing extensive software, the Company has determined that significant portions will need to be modified or replaced so that its computer systems will properly utilize dates beyond December 31, 1999. Failure to do so could result in a systems failure or miscalculations causing disruption of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activities. The Company presently believes that with modifications to existing software and conversions to new software, the Year 2000 Issue can be mitigated. However, if such modifications and conversions are not made or are not completed timely, the Year 2000 Issue could have a material impact on the operations of the Company.

A Year 2000 Project Office has been established with the mandate to ensure that the Company's systems, network, products and services which are dependent on date sensitive information continue to operate properly after December 31, 1999. Progress on the Year 2000 Program is reviewed on an ongoing basis by executive management and updates are provided quarterly to the Board of Directors. The Company's objective is to have substantially completed the

assessment, conversion and testing of its business critical and customer affecting systems, applications and network elements by December 31, 1998 and its integrated testing by March 31, 1999. The Company has also commenced formal communications with its significant suppliers and large customers to determine the extent to which the Company is vulnerable to those third parties' failure to appropriately deal with this issue in their own computer systems. However, there can be no guarantee that the systems of other companies on which the Company's systems rely will be converted on a timely basis, or that a failure to convert by another company, or a conversion that is incompatible with the Company's systems, would not have a material adverse effect on the Company.

The Company will utilize both internal and external resources to reprogram, or replace, and test its software for Year 2000 modifications. The Company currently estimates that the costs associated with its Year 2000 Program are not expected to have a material effect on the results of operations. However, the costs of the project and the date on which the Company plans to complete the Year 2000 modifications and testing are based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of certain resources, third party modification plans and other factors. There can be no assurance that these estimates will be achieved and actual results could differ materially from those plans. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties.

Regulation

Regulatory environment: In 1997, the CRTC released a number of regulatory decisions that reduced the uncertainty facing Canadian wireless carriers, including BCE Mobile. These decisions addressed local exchange competition, contribution to local telephone companies for long distance services ("toll contribution") and a proposed policy on spectrum allocations. While many outstanding regulatory issues have been resolved, the wireless industry and BCE Mobile face continued uncertainty in a number of government-related areas including E-911 services, plans for the remaining 40 MHz of spectrum reserved for PCS, impending privacy legislation, tower siting, a re-examination of spectrum license fees and the impending release of the CRTC's decision on joint-marketing.

Local exchange competition: In May 1997, the CRTC released its decision on Local Competition. In that decision, wireless carriers were given the choice of remaining conditionally unregulated as wireless service providers ("WSPs") or becoming competitive local exchange carriers ("CLECs"). BCE Mobile had advocated that the decision to remain a WSP or to provide service as a CLEC should be based solely on commercial considerations. Carriers entering the local market as CLECs will be granted preferable interconnection and access to portable subsidies in return for providing equal access and number portability. BCE Mobile has been examining the business case for becoming a CLEC. However a number of issues need to be resolved before the Company makes a final decision. These include: the CRTC's pending decision on wireless equal access, unbundling and co-location and the costs and feasibility of implementing wireless local number portability. The CRTC placed no limitations on a wireless carrier's local business activities should it choose to remain a WSP and has indicated that it will refrain from regulating rates charged by WSPs.

Toll contribution: In May 1997, the Commission decided that the long distance services of all cellular and PCS carriers should be required to contribute to the telephone company local services subsidy on the same basis as interexchange carriers. The CRTC is in the process of establishing final rates for 1998.

Economic Fluctuations

The Company's performance is affected by the general condition of the economy, with demand for wireless services and the amount of wireless use tending to decline when economic growth and retail activity decline. It is not possible for the Company to accurately predict economic fluctuations and the impact of such fluctuations on its performance.

Item 6 - MARKET FOR THE SECURITIES OF BCE MOBILE

The common shares of BCE Mobile are listed on the Montreal, Toronto and New York stock exchanges.

Item 7 - DIRECTORS AND OFFICERS

BCE Mobile's Board of Directors has an Executive Committee, an Audit Committee and a Management Resources and Compensation Committee. Directors of BCE Mobile are elected annually, holding office until the close of the next annual meeting unless prior thereto he or she shall resign or his or her office becomes vacant by death, removal or other cause.

The following table sets forth information concerning the Directors of BCE Mobile:

Name and municipality of residence	Position
Warren Chippindale Mont Tremblant, Quebec	Company Director
J.V. Raymond Cyr Montreal, Quebec	Chairman of the Board of Telesat Canada, TMI Communications & Company, Limited Partnership and SSIG Holdings Limited
Robert A. Ferchat Mississauga, Ontario	Chairman of the Board and Chief Executive Officer of BCE Mobile
The Honourable Edward C. Lumley South Lancaster, Ontario	Vice-Chairman of the Board of Nesbitt Burns Inc.
Leonce Montambault Sillery, Quebec	Company Director
Jean C. Monty Montreal, Quebec	President and Chief Operating Officer of BCE Inc. and Chairman of the Board and Chief Executive Officer of Bell Canada
John H. Panabaker Waterloo, Ontario	Company Director
John D. Thompson Town of Mount-Royal, Quebec	Deputy Chairman of the Board of Montreal Trustco Inc.
L.R. Wilson Montreal, Quebec	Chairman of the Board and Chief Executive Officer of BCE Inc.

The principal occupation of each director during the past five years is as follows:

Warren Chippindale, C.M., F.C.A., is a consultant and a former Chairman and Chief Executive Partner of Coopers & Lybrand (Canada), an accounting firm. He has served as a director of the Corporation since November 1987 and is Chairman of the Audit Committee.

J.V. Raymond Cyr, O.C., is Chairman of the Board of Telesat Canada, Vistar Communications Inc. and of SSIG Group Inc. He was also Chairman of the BCE Canadian Telecom Group from April 1992 to January 1994 and of Bell Canada from October 1992 to March 1996, and prior to April 1993 was Chairman of the Board of BCE Inc. He has served as a

director of the Corporation since July 1992 and is a member of the Executive and the Management Resources and Compensation Committees.

Robert A. Ferchat, has been Chairman and Chief Executive Officer of BCE Mobile since May 1995. He was Chairman, President and Chief Executive Officer from November 1994 to April 1995. Mr. Ferchat is also the Chairman of Bell Mobility and BMP and Chief Executive Officer of Bell Mobility. Prior to joining BCE Mobile, Mr. Ferchat spent two years as Chairman, President and CEO of TMI Communications & Company, Limited Partnership.

The Honourable Edward C. Lumley, P.C., is Vice-Chairman of Nesbitt Burns Inc. He was Vice-Chairman of Burns Fry Limited from November 1990 to August 1994, and was also a former Chairman of Noranda Manufacturing Group Inc. He has served as a director of the Corporation since April 1995 and is a member of the Executive and the Audit Committees.

Léonce Montambault, is a Company director. He is a former Chairman of the Board and Chief Executive Officer of Bell Canada. He has served as a director of the Corporation since July 1990 and is a member of the Audit and the Management Resources and Compensation Committees.

Jean C. Monty, C.M., is President and Chief Operating Officer of BCE Inc. and Chairman of the Board and Chief Executive Officer of Bell Canada. He was Vice-Chairman of the Board and Chief Executive Officer of Northern Telecom Limited from February 1997 to September 1997 and President and Chief Executive Officer from March 1993 to January 1997. He has served as a director of the Corporation since October 1997 and is a member of the Executive and Audit Committees.

John H. Panabaker, C.M., is a Company director. He is a former Chairman of the Board of The Mutual Life Assurance Company of Canada. He has served as a director of the Corporation since July 1989 and is Chairman of the Management Resources and Compensation Committee.

John D. Thompson, is Deputy Chairman of the Board of Montreal Trustco Inc. He has served as a director of the Corporation since July 1992 and is a member of the Audit Committee.

L.R. Wilson, is Chairman of the Board and Chief Executive Officer of BCE Inc. He has served as a director of the Corporation since July 1992. He is Chairman of the Executive Committee and a member of the Management Resources and Compensation Committee.

Item 7 - DIRECTORS AND OFFICERS

The following table sets forth information concerning the corporate officers of BCE Mobile:

Name and municipality of residence	Age	Position
Robert A. Ferchat Mississauga, Ontario	63	Chairman of the Board and Chief Executive Officer
Randall J. Reynolds Thornhill, Ontario	46	President and Chief Operating Officer
James Cole Dorval, Quebec	55	Senior Vice-President, Customer Services
David A. Lazzarato Burlington, Ontario	42	Senior Vice-President, Chief Financial Officer
James Lovie Aurora, Ontario	46	Senior Vice-President, Sales, Marketing & Distribution
Pierre G. Robitaille Oakville, Ontario	51	Senior Vice-President, Organizational Effectiveness

The principal occupation of each officer during the past five years is as follows:

Robert A. Ferchat has been Chairman and Chief Executive Officer of BCE Mobile since May 1995. He was Chairman, President and Chief Executive Officer from November 1994 to April 1995. Mr. Ferchat is also the Chairman of Bell Mobility and BMP and Chief Executive Officer of Bell Mobility. Prior to joining BCE Mobile, Mr. Ferchat spent two years as Chairman, President and CEO of TMI Communications & Company, Limited Partnership.

Randall Reynolds has been President and Chief Operating Officer since January 1998. He was Senior Vice-President, Market & Network Development from June 1996 to January 1998. Prior to this, Mr. Reynolds was Vice-President - Strategic Planning since September 1994.

James Cole has been Senior Vice-President, Customer Services since June 1996. Prior to this, Mr. Cole was Vice-President, Eastern Region of Bell Mobility since 1989.

David A. Lazzarato has been Senior Vice-President, Chief Financial Officer since May 1997. Previously, Mr. Lazzarato was Vice-President and Comptroller of BCE, having joined BCE in May 1994. Prior to this, he was Senior Vice-President, Finance and Administration with CAE Electronics Ltd. from 1992 to May 1994.

James Lovie has been Senior Vice-President, Sales, Marketing & Distribution since June 1996. Mr. Lovie was Vice-President, Western Region of Bell Mobility since June 1995. He was Vice-President, Integrated Customer Services with Xerox Canada Ltd. from early 1994 to June 1995. Prior to 1994, Mr. Lovie held several senior positions with Xerox Canada Ltd.

Item 7 - DIRECTORS AND OFFICERS

Pierre G. Robitaille has been Senior Vice-President, Organizational Effectiveness since June 1996. Mr. Robitaille was Vice-President - Human Resources from October 1995 to June 1996. Prior to this, he was Vice-President, Human Resources with Lawson Mardon Packaging Inc. since October 1992.

As of February 24, 1998, all directors and officers of BCE Mobile as a group owned less than 0.01% of the common shares of BCE Mobile.

Item 8 - ADDITIONAL INFORMATION

(1) BCE Mobile shall provide to any person or company, upon request to the Vice-President, General Counsel and Corporate Secretary.

(a) when the securities of BCE Mobile are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities,

(i) one copy of the latest annual information form of BCE Mobile together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein.

(ii) one copy of the comparative financial statements of BCE Mobile for its most recently completed financial year together with the accompanying report of the auditors thereon and one copy of any interim financial statements of BCE Mobile subsequent to the financial statements for its most recently completed financial year.

(iii) one copy of the information circular of BCE Mobile in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate, and,

(iv) one copy of any other documents that are incorporated by reference into the preliminary short-form prospectus or the short-form prospectus and are not required to be provided under (i) to (iii) above; or

(b) at any other time, one copy of any other documents referred to in (1)(a)(i), (ii) and (iii) above, provided BCE Mobile may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of BCE Mobile.

(2) Additional information including directors' and officers' remuneration and indebtedness, principal holders of BCE Mobile's securities, options to purchase secu

rities and interests of insiders in material transactions, where applicable, is contained in the company's management proxy circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in BCE Mobile's comparative financial statements for its most recently completed financial year.

Bell Mobility

there is a difference

1997

BCE Mobile Communications Inc.

Annual Report

Have a seat

Bell Mobility

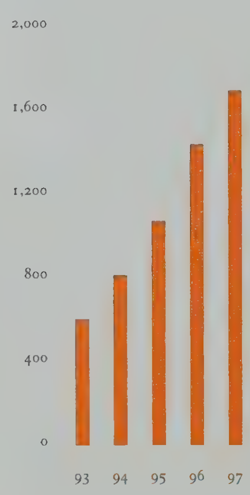
all wireless companies are *not* the same.

Make yourself comfortable as we guide you through a year of solid achievement. A year that was a critical stepping-stone to a better future for our customers. A year in which one fact became clear to people who depend on wireless communications—*there is a difference.* A difference between Bell Mobility and other wireless operators. A difference in choices, attitudes, achievements and confidence that is working to the advantage of our customers. A difference that goes beyond quantitative measures and reflects a style of doing business that is right for them.

BCE Mobile Communications Inc. is Canada's most experienced full-service wireless telecommunications company. Under the Bell Mobility brand, we offer cellular, PCS, one- and two-way paging, data, airline passenger and satellite communications services, as well as the sale of customer hardware and private radio systems. BCE Mobile is a publicly traded Canadian company (TSE, ME, NYSE: BCX) and is 65% owned by BCE Inc.

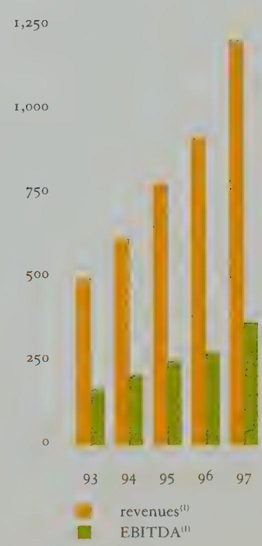
consolidated subscribers

THOUSANDS



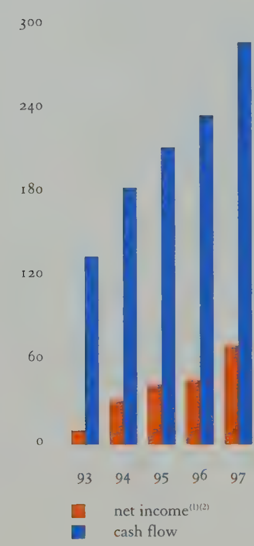
revenues and EBITDA

MILLIONS OF DOLLARS



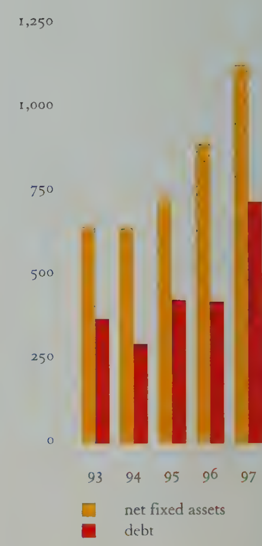
net income and cash flow

MILLIONS OF DOLLARS



net fixed assets and debt

MILLIONS OF DOLLARS



See opposite page for footnotes.

performance

	1997	1996	1995	1997/1996 *percent change*
millions of dollars				
OPERATIONS				
Revenues	**$1,209.1**	$926.3	$781.0	
Revenues (adjusted(1))	**1,209.1**	918.1	781.0	32%
EBITDA	**365.3**	302.5	265.7	
EBITDA (adjusted(1))	**365.3**	278.3	251.9	31%
Net income	**70.9**	63.9	51.0	
Net income (before non-recurring items, adjusted(1))	**70.9**	46.3	43.1	53%
Cash flow	**288.2**	235.8	213.0	22%
dollars per share				
PER SHARE DATA				
Earnings	**$ 1.02**	$ 0.92	$ 0.74	11%
Earnings (before non-recurring items, adjusted(1))	**1.02**	0.67	0.62	52%
Cash flow	**4.15**	3.40	3.07	22%
millions of dollars (at December 31)				
FINANCIAL POSITION				
Working capital–excluding debt due within one year	**$ 84.0**	$(59.9)	$ 53.5(3)	n.m.
Fixed assets–net	**1,128.9**	895.6	730.1	26%
Total debt	**721.6**	423.4	429.0	70%
Shareholders' equity	**619.4**	547.8	483.5	13%
(at December 31)				
OTHER STATISTICS				
Cellular and PCS subscribers	**1,221,000**	1,044,000	798,000	17%
Pagers in service	**475,000**	396,000	275,000	20%

note 1: adjusted to recognize billing credits and/or expense hardware costs as incurred
note 2: before non-recurring items
note 3: includes $59.1 M of cash and short-term investments
n.m.: not meaningful

During 1997, the Canadian dollar averaged US $0.722 (1996 – US $0.733, 1995 – US $0.729). At year end, the dollar traded at US $0.699 (1996 – US $0.730, 1995 – US $0.733).

Building a great business these days means understanding that the customer is in charge. That's why Bell Mobility has focused on creating value for our customers—value in its products and services that make communications easy, seamless, and reliable.

I'm proud to present Bell Mobility's results for 1997. Not only do they document the achievements of our employees and dealer partners, but these results also show that we're doing the right things for our customers.

There is a difference. What distinguishes Bell Mobility from other wireless companies can be found in five aspects of our business—five advantages we can offer to our customers: → The right technology now and for the future. → Innovation that moves wireless communications beyond "send and end." → Great products and services and knowledgeable dealers. → Outstanding customer service. → And, financial strength. This annual report provides an overview of how each of these distinctions works for our customers.

[illegible] At the end of 1997, Bell Mobility served 1.7 million customers. That's an increase of 17% for our cellular and PCS services, and 20% for our paging services. What's more, we have one of the best customer retention records of any wireless carrier in North America. The point is that many thousands of Canadians in Ontario and Quebec trust and value Bell Mobility's service, and either signed on to it or remained with it throughout 1997. Part of our success in this area can be attributed to Bell Mobility's high employee satisfaction levels, a factor which has been shown to positively influence customer attitudes.

That achievement, together with our shareholder-focused approach to managing our finances, meant that BCE Mobile produced $1,209 million in revenues and $71 million in profit last year, increases of 32% and 53%, respectively, over comparable figures last year.

Randall J. Reynolds
President *and* Chief Operating Officer

Robert A. Ferchat
Chairman of the Board *and* Chief Executive Officer

Creating the future. But this industry isn't about the past—it's about creating customer value for the future. That's why in 1997 Bell Mobility launched its new personal communications service, PCS Plus, based on the sophisticated Code Division Multiple Access "CDMA" technology standard.

CDMA gives customers several advantages: better sound quality than alternative technologies, longer battery life, fewer dropped calls, and higher resistance to eavesdropping. And, looking to the future, Bell Mobility's PCS Plus provides the platform for many exciting new advances in wireless communications, each of which will put more power and freedom in the hands of our customers. Here are just three examples: *The Internet:* Customers will access their e-mail and other information data bases through their PCS handsets. *Voice-activated service:* Customers will very soon use their voices rather than their hands to initiate calls. *Multimedia:* PCS Plus can deliver wireless data and image capabilities to personal digital assistants and laptop computers.

These and many other innovations are being developed because we understand that customers want features and services that deliver value simply and easily.

Two networks are better than one. From the customer's perspective, our dual network capability means that one size doesn't have to fit all. Business users that rely on wireless as a productivity tool will want to take advantage of the many benefits of our PCS service. Personal-use customers will continue to be attracted to our competitive analog cellular packages.

Simpler = better. Making things simpler is another way to deliver value. Bell Mobility is continuing to simplify its rate plans so that customers can more easily choose the plan that best suits their particular needs. This strategy should continue to pay off as the underlying demand for wireless services is expected to remain high.

Informed dealers. The Bell Mobility dealer network has long been a key difference between our company and the competition. We recognized that our dealers are one of the most important sources of advice on wireless capabilities for most of our customers. As a result, we increased our commitment to dealer education and certification in 1997. The thinking was straightforward: knowledgeable dealers are able to help customers make better use of their wireless products and services.

People helping people. And when help was needed, Bell Mobility was there to support customers around the clock. Last year, we handled 350,000 calls to 911 emergency assistance. We remain committed to providing the best in customer service. Besides the extensive training, support, and coaching given to every customer service representative, Bell Mobility regularly surveys a sample of our customer base to ensure that inquiries made to us are handled accurately, professionally, and to the customer's full satisfaction.

It adds up. The years of investments that Bell Mobility has made in its networks, people, and program of innovation—as well as outstanding performance from its dealer network, network engineering staff, and award-winning customer support groups—have been combined with unmatched financial strength needed to serve our present and future customers. That strength means that Bell Mobility can create its own future to better serve the interests of customers.

Investing for the future. Ensuring that customers reach the future with every technological and support advantage possible is the challenge that Bell Mobility is addressing right now. The company must invest to build the digital PCS networks of tomorrow while continuing to maintain the analog cellular network. That commitment means balancing the need for ongoing investment to meet medium and long-term expectations with the delivery of profits in the short term.

That's another difference. The easiest thing to do when facing a more competitive wireless market, like the one that now exists in Ontario and Quebec, is to slash prices. But leadership demands that we avoid short-changing customers on their needs for a superior network, innovative new services and reliability, now and in the future. We will work harder to create greater customer value, to bolster the shareholder value, to win the competitive contests of the moment and solidify our gains for the future.

Executive appointment. We have strengthened our executive ranks by appointing Randall J. Reynolds as President and Chief Operating Officer of BCE Mobile. His nine years of experience at Bell Mobility and strong technical background will allow the senior team to provide appropriate focus both on tactical initiatives and strategic development. Mr. Reynolds has had experience in running our paging operations, in network design, development and operations as well as in new services development, including the launch of PCS Plus.

The difference works for you. Bell Mobility's approach begins and ends with our customers—both today and tomorrow. By making the right technology choices, pursuing a vigorous program of innovation, developing a strong dealer network, supporting our customers around the clock with the best service, and keeping our finances in good order, we continue to demonstrate that our approach makes a difference. We are pledged to keeping this course. Our customers and shareholders expect and deserve no less.

On behalf of the 2,900 men and women of Bell Mobility, and the countless more working at our 1,200 points of sale, I invite you to experience the Bell Mobility difference for yourselves.

ROBERT A. FERCHAT
Chairman of the Board and Chief Executive Officer

Changes on the Board of Directors

Jean C. Monty has rejoined the board upon his appointment as President and Chief Operating Officer of BCE Inc. in October 1997. As Chairman of the Board of BCE Mobile from December 1987 to March 1988, Mr. Monty was instrumental in taking the Company public in 1987. He continued as a director until October 1992.

John McLennan left the board in 1997. John McLennan led BCE Mobile as President and Chief Executive Officer from July 1990 to September 1993. He also served as Chairman of the Board from April 1993 to November 1994. Mr. McLennan continued as a director of BCE Mobile during his tenure as President and Chief Executive Officer of Bell Canada. We thank Mr. McLennan for his contribution to the Company.

We also offer our thanks to two other long-serving directors who are not seeking reelection in 1998. Their leadership has guided the Company to its present position as Canada's premier wireless communications company.

J. V. Raymond Cyr, a former Chairman of the Board of BCE Inc., Bell Canada and the BCE Canadian Telecom Group, has been a director of BCE Mobile since July 1992. He was also Chairman of the Board of BCE Mobile from July 1992 to April 1993 and has served on several Board committees.

Warren Chippindale has served as a director since the creation of the Company more than ten years ago and has chaired the Audit Committee throughout his tenure.

"Bell Mobility provided the platform for our state-of-the-art route managing system, the first of its kind in Quebec. We are now able to closely track the location of our buses and identify schedule changes as they occur. For us, successful innovation is as much about bringing out new services as it is improving existing ones."

SERGE BÉLANGER, SOCIÉTÉ DE TRANSPORT DE LA COMMUNAUTÉ URBAINE DE MONTRÉAL

marketing—informed dealers

"One of the reasons we switched to Bell Mobility was the quality of their dealers. With 80 phones in use, we have to rely on the advice we get from our dealer, Cellular One. I know our business is important to them and they care how we're putting wireless service to work."

RIDHA BOUSSETTA, NORA BEVERAGES INC.

customer service

"I run a small agency and managing costs is important. So I analyze our wireless bills through Bell Mobility's website www.bellmobility.ca. Our wireless service charges are available when I need them. Also, the website gives me information on new Bell Mobility technologies and features. In fact, because of what I learned from the site, I decided to switch to PCS."

MARILYN SCHAFFER, NEO COMMUNICATIONS INC.

financial strength + experience

"Mobile communications are critical to Consumers' goal of providing exceptional customer service. When our technicians meet the customer, they must have on their work order the most current information—customer history, any special requirements. Bell Mobility has provided reliable, cost-effective communications systems to help us consistently meet our customer commitments."

RAY ASHBY, CONSUMERS GAS LIMITED

Choosing a wireless supplier should not be difficult. Customers should be able to easily access the best combination of features, benefits and prices to meet their growing communications needs. They shouldn't have to worry whether the technology has a future, the supplier has a future, their handset has a future. Customers continue to choose Bell Mobility because they recognize the difference that the right technology, a commitment to innovation, great offers, knowledgeable dealers, superior customer service and a strong balance sheet can make, now and in the future.

the right technology

Bell Mobility considered customer needs, examined the alternatives and chose CDMA because of a combination of significant attributes that added up to superior performance. When compared with other digital standards, the difference is clear. CDMA offers superior voice quality—wireless that sounds remarkably like wireline. Longer battery life—for those important calls that just can't be interrupted. Easy switching between analog and PCS networks—more talk and fewer drops. Privacy of conversation, greater features expandability and superior overall growth capacity—CDMA is the technology with a future. When bundled with the company's exceptional track record in network development and management, choosing the right technology has solidified Bell Mobility's wireless communications leadership.

CDMA expands wireless freedom. Bell Mobility launched its CDMA-based PCS service on October 7, 1997 under the brand name "PCS Plus". Rather than rush to market, PCS Plus was launched only when it was right. The right technology choice. The right seamless PCS network to analog network handoff. The right number of dual-mode handsets so customers' needs could be satisfied on time. And service made available to more than 55% of the Quebec-Ontario population. The PCS network was rolled out first in Montreal, Toronto, Ottawa and Quebec City and continued build-out will increase coverage to 70% in 1998. By the year 2000, Bell Mobility will operate one of the world's longest PCS corridors stretching from Quebec City to the southwestern tip of Ontario.

freedom

Coverage. Choosing the right technology is especially important for customers that travel extensively throughout North America. Because three major US PCS carriers, including Sprint PCS, also selected CDMA, CDMA is the only digital standard which is available in all licensed reas across North America. That's why we became a preferred partner of Sprint PCS. Our PCS Plus customers will be able to travel in their territory throughout the United States without missing a call, courtesy of the roaming agreement we signed with Sprint PCS. And Sprint PCS's customers roam onto Bell Mobility's network whenever they visit Ontario and Quebec.

Dual networks increase reliability. By providing two networks geared to different patterns of customer usage, Bell Mobility has further increased the reliability of its wireless services. Migrating high-usage analog customers to the new PCS network will relieve congestion on the analog network, especially in large metropolitan areas, so that the customers who remain on analog will continue to experience the difference that has made our analog network one of the most dependable in the business.

multimedia

The platform for growth. CDMA's current capacity is six times that of analog and twice that of the other digital standards, TDMA and GSM. In 1999, the network is expected to support data transmission at speeds up to 64 Kb as a result of CDMA's expanded throughput capacity. CDMA offers tremendous room for Bell Mobility to develop ever more innovative solutions that will anticipate the many different ways our customers will choose to communicate. Bell Mobility expects that our customers' needs for multimedia, data and other non-voice applications will grow to account for 10% of the traffic on the PCS network by the year 2000.

Leader of the pack. It's one thing to offer today's communications services. But to maintain leadership, companies must invest in the creation of new ways for customers to communicate. In 1998, Bell Mobility plans to invest approximately $15 million to investigate, develop and bring to market new products and services that will change the way customers feel about, think about and use wireless communications.

Off the drawing board. Bell Mobility has already broadened the application of wireless technology to enhance customer convenience, efficiency and safety with Canada's first wireless point-of-sale system for taxis and with the AirIQ integrated wireless, computing and vehicle positioning solution for fleet managers. In addition to Bell Mobility's cellular service, AirIQ's products will utilize our exclusive Cellemetry Data Service. Cellemetry will also be used in a number of applications being developed by other value added service providers working with Bell Mobility. It offers a cost-effective way to monitor a wide variety of remote equipment over large geographic areas, from vehicles and vending machines to wireless fire alarm and security systems.

innovation

Coming soon to a handset near you. In 1998, Bell Mobility will introduce many new services based on the innovative use of telecommunications technology and know-how and a dedication to providing improved levels of service to our customers. The growing need for customers to access information and transact business anywhere, anytime is driving the development of many enhancements like voice-activated dialing on PCS and the ability to receive electronic mail on pagers. Other advances include text messaging and Internet-based, content-rich services that will utilize the four-line display on PCS handsets. Whether offering basic information services like weather and ski conditions, enabling stock transactions or transmitting sales figures, the PCS handset is the right type of device to deliver the remarkable freedom afforded by wireless technology.

Solutions don't just happen. Innovation involves more than investment. It requires diligence in searching for answers to questions and solutions to problems that aren't immediately apparent. It demands collaborating with partners, such as the Lenbrook Group and Datumtech Corporation, who have special insights into the possibilities of the wireless future. Bell Mobility's investment in innovation is another difference that underscores our commitment to customers.

great offers

Choice and flexibility make a difference. By developing a deep understanding of how our different customers use wireless communications, Bell Mobility has created offers that address basic needs and provide choice and flexibility in tailoring services to our 1.7 million customers. Like the first minute free on incoming calls—customers can exercise control over the calls they take and save on air time charges. Like *Caller Pays*—customers decide who pays for incoming calls.

Like the value-added packages—*Business Bundle, Budget Bundle*, and *Security Bundle*—where customers receive basic access service and can choose other value-added services that make sense for them, including *Message Centre, Detailed Billing*, roadside assistance and free calls to a home number. And frequent travelers to the United States, Mexico and the Bahamas enjoy new convenience with the *One Rate Roaming* service, offering a single, per minute charge, plus applicable long distance.

Business is important to our business. We estimate that Bell Mobility has captured a majority of business-use customer accounts in Quebec and Ontario because we understand that high-usage/high-value business customers have special needs. Through dedicated resources like the Business Service Centres and the Enterprise Solutions Group, the company brings experience and expertise to bear on the full range of communications issues, such as managing billings, combining cellular and paging services effectively, and developing wireless data solutions. We also offer specific services that make it easy for customers to operate their businesses, like Airfree, the service that allows businesses to pay for calls from their customers, and the Skytel Corporate Program for large volume users of Skytel inflight phones.

informed dealers

Our dealers make a difference. With over 1,200 points of presence, Bell Mobility's current and prospective customers have access to a strong network of wireless communications specialists. Our 300 Bell Mobility exclusive dealers concentrate their efforts on helping customers to make the right choices—in cellular, PCS, paging and, increasingly, in data and other services. Our exclusive dealers, who account for more than 80% of activations, attend *Mobilitas*, Bell Mobility's "school", in order to keep up to date on the latest technology developments, products and offerings.

More ways to access the difference. In addition to the extensive Bell Mobility dealer network, customers can access our broad portfolio of products and services through a variety of channels. And a new retail approach—the *TotalCom* store—featuring a full suite of BCE family products and services. Under one roof, customers can pay their Bell Mobility cellular and paging and Bell Canada bills, and can subscribe for both wireless and wireline products and services, including ExpressVu direct-to-home television and Sympatico Internet services. The success of the first three stores in Toronto, Ottawa and Montreal is indicative of the recognition and faith that Canadian consumers have in the Bell brand and our dealer network.

quick answers

Customers make us look good. Bell Mobility's loyal customers are a testament that we are doing something right, because our customers stay with us. At 1.1% per month in 1997, our churn rate is one of the very lowest in North America.

Services tailored to fit customers. For some customers, speed and ease of access to basic services is really important. These customers prefer to use Bell Mobility's sophisticated Interactive Voice Response system that provides a range of information from simple explanations of handset or pager functions to descriptions of the Company's latest offers and innovations.

Other customers prefer the personal touch that is always available from the customer service representatives that staff our award-winning call centres. The Company's enterprise customers are offered the highest level of corporate support in the industry. Staffed by dedicated representatives who manage a portfolio of customers with significant wireless usage, the Montreal and Toronto Business Service Centres provide one-stop, expert service for activations, billing enquiries and customization wireless programs to suit organizations' specific wireless communications needs.

New access points. Bell Mobility's web site at www.bellmobility.ca offers customers another convenient access point for information and services, including product explanations and dealer locations. Interactivity is a special feature as customers can use the Rate Plan Analyzer to select the rate plan that makes the most sense for their usage patterns. And they can view their invoices and activate features directly from the site. Bell Mobility's web site is the latest manifestation of the company's commitment to anywhere, anytime service to customers.

Prepaid services make wireless possible. Ensuring that customers, large and small, are able to manage their wireless usage has led Bell Mobility to develop several prepaid services that address a variety of needs. For individuals and small businesses wanting to manage their monthly costs, prepaid services offer usage budgets that cannot be exceeded without authorization. This is a perfect solution for college students with their first wireless phone. Those customers with past credit problems can also access services through convenient pay-in-advance services. And for companies needing to manage large sales forces or vehicle fleets, Bell Mobility prepaid card services will help to control communications usage and costs. Of course, free emergency 911 service remains available for all Bell Mobility customers at all times for their security and safety.

strength in numbers

Profitability. Bell Mobility's leadership in wireless communications extends to our financial statements. In 1997, we generated $1,209 million in revenues and $71 million in profits which represent increases of 32% and 53%, respectively, over comparable 1996 results.

A question of balance. We are committed to maintaining the outstanding performance of our analog network while building out our PCS network. Our present emphasis on establishing CDMA-based service for customers with heavy daytime use will continue, as will our offer of competitive analog packages to consumers. Capital expenditures to build, integrate and maintain our dual networks are expected to be more than $1 billion over the next three years.

Investing for the future. Growth in Canadian wireless markets should extend well into the next century. Bell Mobility has achieved significant market penetration to date with a greater than 50% share of subscribers and revenues. And we've been especially effective in gaining the confidence of the business market where we hold a leading share. The challenge now is to manage effectively to achieve both short-term objectives while investing for the future in our networks and in new products and services. Our low debt load, investment-grade credit rating of BBB+, positive net income and strong cash flow combine to create a capacity to determine our own future. Bell Mobility has the "financial bandwidth" to chart a course that makes sense for our customers.

what's next?

Experience makes the difference. Bell Mobility's 13 years of wireless experience and network management insight led to the right technology decision. And it is applying its experience to develop the next generation of innovative wireless solutions that will help our customers move to the next level of communications convenience and productivity. We've built a network of dealers that give us the edge in ensuring that customers get sound advice. Our offers combine choice and flexibility that make it easy for customers to make the best value selection for their particular needs, depending on their location and usage patterns. Our experience has helped us to build a customer service capability that is second to none in the wireless industry. Bell Mobility's philosophy to operate aggressively while managing conservatively has meant that our company is the only profitable public wireless company in Canada. There is only one conclusion—*there is a difference.* And the difference in wireless communications is Bell Mobility.

results

The following management's discussion and analysis of the results of operations and financial condition of the Company should be read in conjunction with the audited consolidated financial statements of the Company for the three years ended December 31, 1997 included on pages 29 to 48 of this annual report.

This MD&A contains forward-looking statements with respect to BCE Mobile. These forward-looking statements by their nature necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements.

BCE Mobile considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of BCE Mobile, may ultimately prove to be incorrect.

In order to provide a meaningful discussion of the results of operations of 1997, figures for 1996 and 1995 have been adjusted as if the accounting treatment to recognize billing credits and expense hardware costs as incurred had been in place in prior years.

Overview

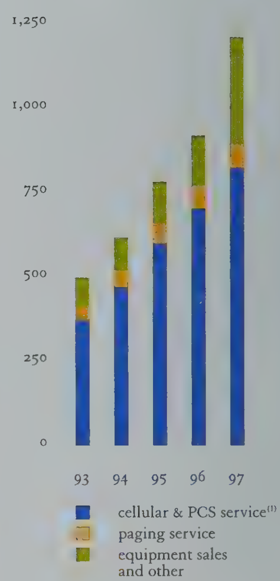
				percent change	
	1997	1996	1995	1997/1996	1996/1995
Subscribers (000) (a)	**1,699**	1,443	1,075	18%	34%
millions of dollars					
Net income	$ **70.9**	$ 63.9	$ 51.0		
Net income—before non-recurring items, adjusted (b)	**70.9**	46.3	43.1	53%	7%
Revenues	**1,209.1**	926.3	781.0		
Revenues, adjusted (b)	**1,209.1**	918.1	781.0	32%	18%
EBITDA (c)	**365.3**	302.5	265.7		
EBITDA, adjusted (b) (c)	**365.3**	278.3	251.9	31%	10%
Capital expenditures	**429.4**	329.8	241.8	30%	36%

(a) Including cellular, PCS, paging, data and other
(b) Adjusted to recognize billing credits and/or expense hardware costs as incurred
(c) EBITDA refers to operating income before depreciation, amortization and special charges.

The Company reported consolidated net income of $70.9 million for the year ended December 31, 1997 compared to $63.9 million in 1996. Net income for the year ended December 31, 1996 included non-recurring gains on sale of investments ($54.9 million), partly offset by provisions ($23.6 million) relating mainly to the Company's decision to adopt CDMA as the digital technology platform for its 800 MHz cellular and 1.9 GHz PCS operations, and a special charge to write-off the unamortized balance of costs associated with certain customer contracts ($27.6 million). Effective January 1, 1997, the Company discontinued the practice of deferring and amortizing billing credits and the cost of cellular hardware included in rate packages and in hardware upgrades to existing customers. In 1997, these costs are expensed as incurred. If the new accounting treatment had been in effect in 1996, net income for the year ended December 31, 1996 would have been reduced by $13.9 million. Therefore, excluding the gains on sale, the provisions and adjusting for the change in accounting treatment, net income for the year ended December 31, 1997 increased by 53% to $70.9 million from $46.3 million in 1996.

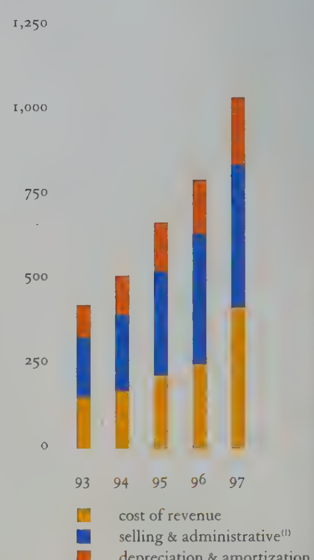
In October 1997, BCE Mobile began offering personal communications services ("PCS") in the urban areas of Toronto, Montreal, Ottawa and Quebec City. At December 31, 1997, there were approximately 49,000 digital customers in the cellular and PCS subscriber base. In keeping with the Company's strategy for the initial deployment

revenues
MILLIONS OF DOLLARS



[1] adjusted – see MD&A overview

operating expenses
MILLIONS OF DOLLARS



[1] adjusted – see MD&A overview

of PCS, the majority of these PCS customers had migrated from existing analog and digital services. Since the initial launch of PCS, network coverage has been extended in Southern Ontario. The Company plans to extend coverage further to smaller urban areas and along major transportation corridors within Ontario and Quebec.

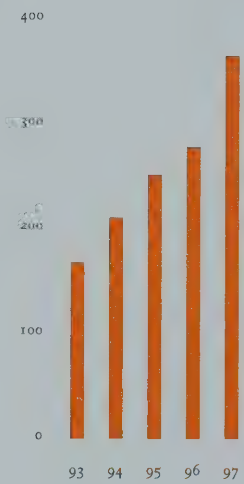
Consolidated revenues increased by $291.0 million, or 32%, to $1,209.1 million for the year. The increase resulted mainly from a 17% increase in cellular and PCS service revenues from $700.5 million to $819.7 million, and an increase of $171.8 million in paging service revenues, equipment sales and other revenues.

Operating income before depreciation, amortization and special charges ("EBITDA") increased by 31% to $365.3 million due to higher cellular and PCS service EBITDA, which in turn was due to a 26% increase in the average number of cellular and PCS subscribers, partly offset by lower average revenue per subscriber and higher general and administrative expenses.

Capital expenditures increased by $99.6 million to $429.4 million for the year. The increase resulted from the initial buildout of the Company's digital PCS network, expenditures to increase the capacity of its analog cellular network, as well as spending on facilities and systems infrastructure. As of December 31, 1997, approximately $216.5 million has been invested in the digital PCS network, including $148.9 million during the year.

EBITDA[1]

MILLIONS OF DOLLARS



[1] adjusted – see MD&A overview

Results of Operations

Cellular and PCS Service

Components of the Cellular and PCS Service Operating Cash Flow Margin:

				percent change	
	1997	1996	1995	1997/1996	1996/1995
millions of dollars					
Service revenues	**$ 819.7**	$ 700.5	$ 597.9	17%	17%
Operating costs and expenses excluding depreciation and amortization	**(487.4)**	(432.8)	(355.4)	13%	22%
Operating cash flow	**$ 332.3**	$ 267.7	$ 242.5	24%	10%
Margin (%)	**41**	38	41		

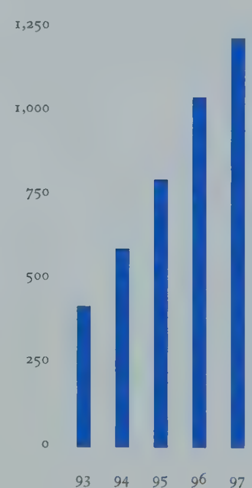
Cellular and PCS service revenues totaled $819.7 million for the year, an increase of $119.2 million or 17% over 1996. The increase was mainly due to a 26% increase in the average number of subscribers, partly offset by lower revenue per subscriber.

				percent change	
	1997	1996	1995	1997/1996	1996/1995
Subscriber activations (000)	**328**	376	310	(13)%	21%
Subscriber deactivations (000)	**151**	130	104	16%	25%
Churn (%/month)	**1.1**	1.2	1.3	n.m.	n.m.
Subscribers (end of period) (000)	**1,221**	1,044	798	17%	31%
Average subscribers (000)	**1,110**	884	668	26%	32%
Average service revenue per subscriber ($/month)	**62**	66	75	(6)%	(12)%

n.m.: not meaningful

cellular & PCS subscribers

THOUSANDS



Subscriber activations for the year ended December 31, 1997 were 328,000, 13% lower than in 1996. Lower activations can be attributed to reduced advertising and promotional activity in the industry in the first three quarters of the year, as well as general market uncertainty on the part of potential subscribers in the fourth quarter, when all four wireless providers embarked on major advertising campaigns relating to their digital services.

Subscriber deactivations increased by 21,000 to 151,000 for the year ended December 31, 1997, reflecting the significantly larger subscriber base in 1997. Included in the deactivations in 1997 was the impact of the Company's decision not to extend the life of certain rate packages for those customers who use a significant number of minutes without generating a corresponding level of revenues. The replacement rate packages being offered to renewing customers are designed to be profitable to the Company as well as offer value to the customers. Despite this decision, the churn rate decreased to 1.1% per month from 1.2% per month last year.

Average revenue per subscriber decreased by 6% to $62 per month for the year from $66 in 1996, compared to a 12% decrease in the prior year.

Cellular and PCS operating costs and expenses excluding depreciation and amortization increased by $54.6 million or 13% over last year.

Cellular and PCS operating costs, which consist mainly of costs associated with network operations, cell site leases and interconnection with the local wireline telephone companies, increased by $13.6 million in 1997. Higher system license fees and roaming costs associated with the larger subscriber base ($15.6 million) and higher network maintenance costs ($5.5 million), partly offset by lower interconnection charges ($7.5 million), accounted for the increase.

Selling expenses for the year ended December 31, 1997 increased by $11.1 million, or 6%, to $212.5 million compared to last year, primarily as a result of higher commissions relating to the larger subscriber base ($9.2 million) and higher advertising costs ($3.2 million). Selling expenses include the hardware subsidy, dealer commission and other costs necessary to migrate an existing subscriber to PCS.

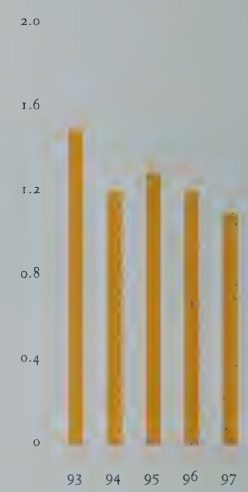
On a per-subscriber basis, cellular and PCS selling expenses were $647 per activation for the year, compared to $530 last year. Excluding residual commissions paid to dealers, the figures were $542 for 1997 compared to $458 in 1996.

Other cellular and PCS operating expenses, which include expenses necessary to maintain the subscriber base, increased by approximately $29.9 million for the year ended December 31, 1997, mainly as a result of a 17% increase in the subscriber base. The increased expenses are due mainly to higher employee-related and occupancy expenses in the information systems and customer service areas.

Cellular and PCS service operating cash flow increased by 24% to $332.3 million for the year compared to $267.7 million in 1996. The operating cash flow margin increased to 41% from 38% in 1996.

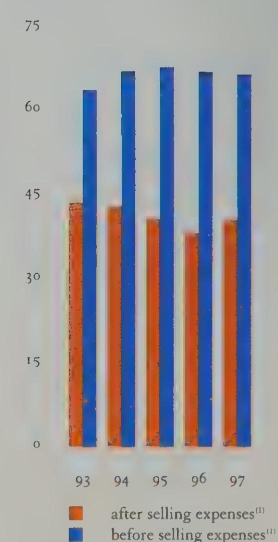
cellular & PCS churn

PERCENTAGE PER MONTH



cellular & PCS service EBITDA margin

PERCENTAGE



[1] *adjusted – see MD&A overview*

Paging Service, Equipment Sales and Other

Paging service, equipment sales and other includes the operation of Canada's largest paging business, the sale of cellular, PCS, paging and wireless data hardware, voice and data communications services for passengers traveling with Air Canada, cellular data and wireless packet data communications services, the design, installation and maintenance of major private radio networks, and consulting services.

Components of Paging Service, Equipment Sales and Other Cash Flow:

				percent change	
	1997	1996	1995	1997/1996	1996/1995
millions of dollars					
Revenues	**$ 389.4**	$ 217.6	$ 183.1	79%	19%
Operating costs and expenses excluding depreciation and amortization	**(356.4)**	(207.0)	(173.7)	72%	19%
Operating cash flow	**$ 33.0**	$ 10.6	$ 9.4		

Revenues from paging service, equipment sales and other totaled $389.4 million, an increase of $171.8 million compared to 1996. Paging service revenue increased by $3.5 million and equipment sales and other operations increased by $168.3 million. The increase in equipment sales and other revenue is mainly due to the sale of handsets and accessories by the Company to dealers and other distributors across Canada.

				percent change	
	1997	1996	1995	1997/1996	1996/1995
Pagers in service (end of period) (000)	**475**	396	275	20%	44%
Pagers in service (average) (000)	**433**	334	247	30%	35%
Churn (%/month)	**2.7**	3.0	2.9	n.m.	n.m.
Service revenue per pager ($/month)	**14**	17	20	(18)%	(15)%

n.m.: not meaningful

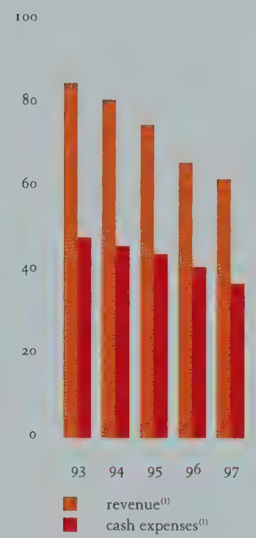
The increase in paging service revenues resulted from a 30% increase in the average number of pagers in service, partly offset by lower revenue per average pager compared to last year.

Revenue per average pager decreased 18% to $14 per month for the year from $17 per month last year. The decrease resulted mainly from the effect of competitive pricing in the marketplace.

Paging service operating costs and expenses excluding depreciation and amortization decreased by $4.1 million from last year. Selling expenses, which include costs incurred to acquire new paging customers, decreased by $3.0 million compared to last year. The lower selling expenses resulted mainly from reduced advertising expenses. Selling costs per pager activated decreased by 32% in 1997 compared to last year.

monthly revenue & cash expenses per cellular & PCS subscriber

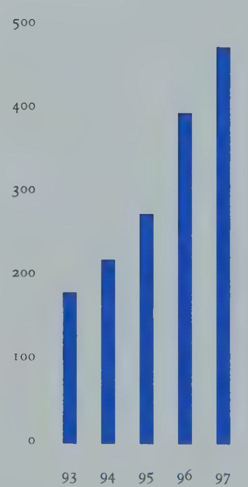
DOLLARS/MONTH



[1] *adjusted – see MD&A overview*

pagers in service

THOUSANDS



The contribution of paging service, equipment sales and other operations to consolidated EBITDA increased by $22.4 million to $33.0 million in 1997. The increase is due to higher contributions from paging operations ($7.6 million), combined with higher contributions from equipment sales and other operations ($14.8 million).

Depreciation and Amortization

Depreciation and amortization increased to $202.2 million from $160.9 million, on an adjusted basis, in 1996. The increase reflects the impact of the higher level of fixed assets in 1997.

Interest Expense

Interest expense increased by $7.5 million to $42.2 million during the year. The increase resulted from higher average debt outstanding, partly offset by lower cost of debt. At December 31, 1997, the weighted average interest rate on the Company's fixed-rate debt was 7.6% (8.3% at December 31, 1996). Approximately 88% of the debt was in fixed-rate debentures and term bank financing. All debt and interest payments are in Canadian dollars or are fully hedged into Canadian dollars.

Taxes and Other Government Fees

millions of dollars	**1997**	1996	1995
Taxes and other government fees paid	**$149.6**	$93.3	$66.6

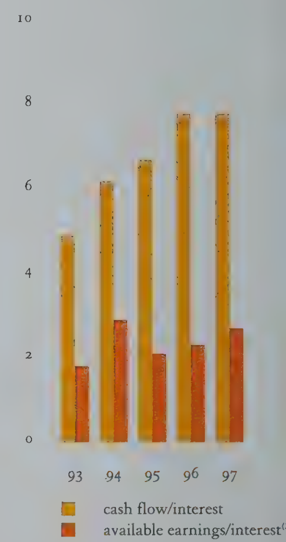
Taxes and other government fees paid for 1997 increased by $56.3 million, or 60% to $149.6 million in 1997. This total includes income taxes, net sales taxes, municipal, payroll and capital taxes and license fees paid to all levels of governments and their agencies.

Liquidity and Capital Resources

millions of dollars	**1997**	1996	1995
Operating activities			
Cash flow from operations	**$ 288.2**	$ 235.8	$ 213.0
Other operating activities	**(148.3)**	(30.9)	18.5
	139.9	204.9	231.5
Investing activities			
Capital expenditures	**(429.4)**	(329.8)	(241.8)
Divestitures and other	**2.8**	106.5	3.4
Investments and acquisitions	**(6.5)**	(44.2)	(62.4)
	(433.1)	(267.5)	(300.8)
Free cash flow	**(293.2)**	(62.6)	(69.3)
Financing activities			
Debt	**286.4**	(5.6)	130.0
Equity and other	**0.7**	(0.5)	4.4
Decrease (increase) in cash	**6.1**	68.7	(65.1)
	293.2	62.6	69.3

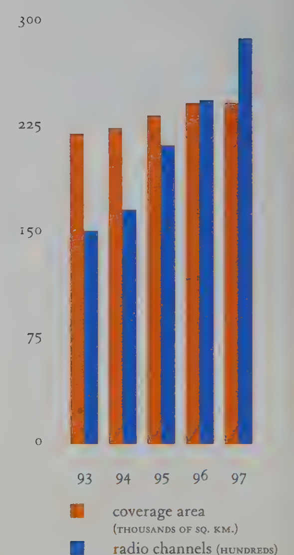
interest coverage

TIMES



[1] *adjusted – see MD&A overview*

network size and capacity



Cash flow from operating activities decreased by $65.0 million to $139.9 million in 1997 compared to last year, as increased working capital requirements ($117.4 million) more than offset higher cash flow from operations ($52.4 million). The higher working capital requirements resulted mainly from the fourth quarter purchase and resale of analog handsets referred to in 'Results of Operations—Paging, Equipment Sales and Other'. The higher cash flow from operations was due to higher EBITDA, partly offset by higher interest expense and current income taxes. The higher current income taxes are related to the higher level of taxable income generated in 1997.

Cash required for investing activities increased by $165.6 million to $433.1 million during the year. The increase was due to higher capital expenditures ($99.6 million), lower proceeds of sale of investments ($103.7 million), partly offset by lower acquisitions ($37.7 million).

Capital expenditures of $429.4 million for the year consisted of $129.3 million for the analog cellular network, $148.9 million for the digital PCS network and $151.2 million for facilities, systems hardware and software and other operations. Cellular capital expenditures were primarily for the expansion of the capacity of the cellular network in response to both the increase in the number of cellular subscribers and to the increase in usage per subscriber, while digital PCS capital expenditures were primarily for the initial buildout of the PCS network.

Divestitures and other activities during 1996 consisted mainly of the proceeds of sale of the Company's investment in Clearnet Communications Inc. ($65.7 million) and Teletech Financial Corporation ($12.3 million), as well as a reimbursement of funds relating to the Company's investment in AirLink, L.L.C. ("AirLink") ($27.2 million). Most of the AirLink investment, made in 1995, represented the Company's share of the deposit required for AirLink's participation in the "C Block" auctions for PCS spectrum in the United States. In March 1996, AirLink withdrew from the auctions and the deposit was refunded to its investors. The Company then wrote off the balance of its remaining investment and costs associated with the AirLink project.

Investments and acquisitions in 1997 consist mainly of investments in the IRIDIUM satellite project. Investments and acquisitions in 1996 include the purchase of the paging operations of TeleZone Corporation ($18.8 million) and investments in the IRIDIUM satellite project ($18.9 million).

Cash flow from investing activities exceeded operating activities by approximately $293.2 million in 1997. In addition, the Company repaid $4 million of the senior unsecured debentures, series B, in August 1997. These requirements were funded with two issues of senior unsecured debentures by Bell Mobility Cellular Inc., totaling $300 million. Both issues were sold to major Canadian and US institutional investors. The first issue, series E, carries a coupon rate of 7.3% and matures in January 2007. The second issue, series F, carries a coupon rate of 6.55% and matures in June 2008. As of December 31, 1997, the Company's ratio of debt to total capital was 54% compared to 44% as of December 31, 1996.

The Company has unsecured revolving credit facilities totaling $380 million. At December 31, 1997 there were no amounts drawn under these facilities. (See Note 10 to the consolidated financial statements for details of the financing agreements.) The Company anticipates that capital expenditures for 1998 will be approximately $450 million. Cash generated from operations, together with the existing credit facilities and additional financing through traditional sources, will provide the Company with the financial resources to fund anticipated capital and other expenditure requirements, operating costs and debt service requirements through the end of 1998.

Risks and Uncertainties

Competition

The Canadian wireless telecommunications industry is highly competitive. The Company expects competition to increase as a result of the recent entry of new competitors and the development of new technologies, products and services. Moreover, it is the policy of the Government of Canada to encourage competition in the field of telecommunications.

The number of competitors in the Canadian cellular and PCS markets may also increase if wireless system operators choose to sell wireless services in bulk to other companies for resale to the public. The practice of wireless resale has not generally developed in Canada to date. In addition, Industry Canada has reserved 40 MHz of spectrum in the 1.9 GHz band for future use which potentially could be licensed to companies not currently holding cellular or PCS licenses. Industry Canada is also considering whether parties other than existing cellular and PCS licensees should be permitted to provide services in unserved or underserved areas of the country.

The market for paging services in Canada is also highly competitive. The Company currently competes with numerous other local and national paging companies.

Rapid Technological Change

The wireless telecommunications industry is experiencing significant technological change as evidenced by the increasing pace of digital and other upgrades to existing analog wireless systems, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products and enhancements and changes in end-user requirements and preferences. Such continuing technological advances make it difficult to predict the extent of future competition with cellular, PCS and paging services.

The operations of the Company depend in part upon the successful deployment of continually evolving wireless communications technologies, which will require significant capital expenditures to deploy. There can be no assurance that such technologies will be developed according to anticipated schedules, that they will perform according to expectations, or that they will achieve commercial acceptance.

PCS Operations

The Company launched PCS service in October 1997. The Company expects to incur significant costs to develop a PCS customer base which will include capital expenditures, promotional offerings and handset subsidies. The Company also expects competition to be intense in the PCS market with four PCS service providers in each service area. In addition, increases in the Company's PCS customer base will result in the reduction, over time, of the Company's existing cellular customer base. In particular, the Company is focused on migrating its existing high-usage cellular customers to PCS. While the Company believes its PCS operations will eventually become profitable and generate positive cash flow, the Company expects that building its PCS customer base will adversely affect the Company's profitability and its margins in the short to medium term.

Mobile Satellite Services

MSAT: In connection with the reorganization of Telesat Mobile Inc. ("TMI") in 1993, BCE Mobile agreed to exchange its $30 million investment in debentures and share purchase warrants of TMI for a service agreement with TMI Communications and Company, Limited Partnership ("TMI Communications"), TMI's successor company. The agreement stipulates that TMI Communications will provide 50 million minutes of MSAT satellite capacity to BCE Mobile at no additional cost during the first five years of the contract's seven-year term. The term began in January 1996, when TMI Communications commenced its commercial satellite service. As of December 31, 1997, approximately 2 million of the minutes available under the contract had been drawn down.

IRIDIUM: BCE Mobile, primarily as a shareholder of Iridium Canada Inc., is participating in the US $3.9 billion IRIDIUM mobile communications satellite project. The IRIDIUM system is expected to provide global voice and data communications services by 1998 through a network of 66 low-earth orbit satellites. Iridium Canada Inc. holds approximately 4% of Iridium, L.L.C. and 20% of the project's North American gateway. At December 31, 1997, BCE Mobile had invested US $46.6 million (C $63.3 million) in the project. Additional funding will be required to fund the construction and initial losses of the project's North American gateway.

While management expects that its mobile satellite businesses will eventually be commercially successful, it can predict neither the extent of the eventual market for satellite services nor the rate at which it will develop.

Year 2000

The "Year 2000 Issue" is a general term used to refer to certain technological and business implications of the arrival of the new millennium. This is as a result of computer programs being written using two digits rather than four to define an applicable year. If they are not Year 2000 compliant, computer applications that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. Like many major companies employing extensive software, the Company has determined that significant portions will need to be modified or replaced so that its computer systems will properly utilize dates beyond December 31, 1999. Failure to do so could result in a systems failure or miscalculations causing disruption of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activities. The Company presently believes that with modifications to existing software and conversions to new software, the Year 2000 Issue can be mitigated. However, if such modifications and conversions are not made or are not completed timely, the Year 2000 Issue could have a material impact on the operations of the Company.

A Year 2000 Project Office has been established with the mandate to ensure that the Company's systems, network, products and services which are dependent on date sensitive information continue to operate properly after December 31, 1999. Progress on the Year 2000 Program is reviewed on an ongoing basis by executive management and updates are provided quarterly to the Board of Directors. The Company's objective is to have substantially completed the assessment, conversion and testing of its business critical and customer affecting systems, applications and network elements by December 31, 1998 and its integrated testing by March 31, 1999. The Company has also commenced formal communications with its significant suppliers and large customers to determine the extent to which the Company is vulnerable to those third parties' failure to appropriately deal with this issue in their own computer systems. However, there can be no guarantee that the systems of other companies on which the Company's systems rely will be converted on a timely basis, or that a failure to convert by another company, or a conversion that is incompatible with the Company's systems, would not have a material adverse effect on the Company.

The Company will utilize both internal and external resources to reprogram, or replace, and test its software for Year 2000 modifications. The Company currently estimates that the costs associated with its Year 2000 Program are not expected to have a material effect on the results of operations. However, the costs of the project and the date on which the Company plans to complete the Year 2000 modifications and testing are based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of certain resources, third party modification plans and other factors. There can be no assurance that these estimates will be achieved and actual results could differ materially from those plans. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties.

Regulation

REGULATORY ENVIRONMENT: In 1997, the CRTC released a number of regulatory decisions that reduced the uncertainty facing Canadian wireless carriers, including BCE Mobile. These decisions addressed local exchange competition, contribution to local telephone companies for long distance services ("toll contribution") and a proposed policy on spectrum allocations. While many outstanding regulatory issues have been resolved, the wireless industry and BCE Mobile face continued uncertainty in a number of government-related areas including E-911 services, plans for the remaining 40 MHz of spectrum reserved for PCS, impending privacy legislation, tower siting, a re-examination of spectrum license fees and the impending release of the CRTC's decision on joint-marketing.

LOCAL EXCHANGE COMPETITION: In May 1997, the CRTC released its decision on Local Competition. In that decision, wireless carriers were given the choice of remaining conditionally unregulated as wireless service providers ("WSPs") or becoming competitive local exchange carriers ("CLECs"). BCE Mobile had advocated that the decision to remain a WSP or to provide service as a CLEC should be based solely on commercial considerations. Carriers entering

the local market as CLECs will be granted preferable interconnection and access to portable subsidies in return for providing equal access and number portability. BCE Mobile has been examining the business case for becoming a CLEC. However, a number of issues need to be resolved before the Company makes a final decision. These include: the CRTC's pending decision on wireless equal access, unbundling and co-location and the costs and feasibility of implementing wireless local number portability. The CRTC placed no limitations on a wireless carrier's local business activities should it choose to remain a WSP and has indicated that it will refrain from regulating rates charged by WSPs.

TOLL CONTRIBUTION: In May 1997, the Commission decided that the long distance services of all cellular and PCS carriers should be required to contribute to the telephone company local services subsidy on the same basis as interexchange carriers. The CRTC is in the process of establishing final rates for 1998.

Economic Fluctuations

The Company's performance is affected by the general condition of the economy, with demand for wireless services and the amount of wireless use tending to decline when economic growth and retail activity decline. It is not possible for the Company to accurately predict economic fluctuations and the impact of such fluctuations on its performance.

management's responsibility for financial statements

The accompanying consolidated financial statements of BCE Mobile Communications Inc. and its subsidiaries (collectively "BCE Mobile"), and all information in this annual report are the responsibility of management and have been approved by the board of directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. The financial statements include some amounts that are based on best estimates and judgements of management and in their opinion present fairly BCE Mobile's financial position, results of operation and changes in financial position. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

Management of BCE Mobile, in furtherance of the integrity and objectivity of the financial statements, has developed and maintains a system of internal controls and supports a program of internal audits. Management believes the internal controls provide reasonable assurance that financial records are reliable and form a proper basis for preparation of financial statements and that BCE Mobile's assets are properly accounted for and safeguarded. The internal control process includes management's communication to employees of policies which govern ethical business conduct.

The board of directors carries out its responsibility for the financial statements in this annual report principally through its audit committee, a majority of whose members are outside directors. The audit committee reviews the corporation's annual consolidated financial statements and other information in the annual report and recommends their approval by the board of directors. The internal and the shareholders' auditors have free and independent access to the audit committee.

These financial statements have been audited by the shareholders' auditors, Deloitte & Touche, chartered accountants, and their report is presented below.

February 9, 1998

Robert A. Ferchat
Chairman of the Board
and Chief Executive Officer

David A. Lazzarato
Senior Vice-President
and Chief Financial Officer

auditors' report

To the Shareholders of BCE Mobile Communications Inc.

We have audited the consolidated balance sheets of BCE Mobile Communications Inc. as at December 31, 1997 and 1996 and the consolidated statements of income, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1997 and 1996 and the results of its operauions and the changes in its financial position for each of the three years in the period ended December 31, 1997 in accordance with Canadian generally accepted accounting principles.

Montreal, Quebec, February 9, 1998

Deloitte & Touche
Chartered Accountants

consolidated balance sheets

as at December 31 – thousands of dollars

	1997	1996
ASSETS		
Current		
Accounts receivable (Note 3)	**$ 306,730**	$ 179,195
Inventories	**97,292**	44,213
Prepaid expenses and other current assets	**15,723**	14,079
	419,745	237,487
Investments (Note 4)	**64,259**	61,476
Fixed assets (Note 5)	**1,128,909**	895,618
Licenses and permits, net of accumulated amortization of $10,865 (1996–$8,142)	**39,927**	43,485
Deposit on long-term contract (Note 6)	**24,900**	29,100
Deferred income taxes	**–**	634
Other assets (Note 7)	**13,362**	1,467
	$1,691,102	$1,269,267
LIABILITIES		
Current		
Bank overdraft, arising from outstanding cheques	**$ 15,776**	$ 9,639
Accounts payable and accrued liabilities (Note 8)	**251,208**	208,504
Income taxes payable	**15,151**	27,902
Due to related companies (Note 21)	**9,220**	10,659
Deferred revenue	**44,357**	40,638
Short-term loans from parent (Note 9)	**85,000**	–
Current portion of long-term debt (Note 10)	**106,106**	6,113
	526,818	303,455
Long-term debt (Note 10)	**530,526**	415,957
Other long-term liabilities	**309**	2,011
Deferred income taxes	**14,039**	–
	1,071,692	721,423
SHAREHOLDERS' EQUITY		
Share capital and contributed surplus (Note 11)	**471,409**	470,752
Retained earnings	**148,001**	77,092
	619,410	547,844
	$1,691,102	$1,269,267

Commitments and contingent liabilities (Note 22)

On behalf of the Board

WARREN CHIPPINDALE
Director

ROBERT A. FERCHAT
Director

consolidated statements of income

for the years ended December 31 – thousands of dollars

	1997	1996	1995
Revenue			
Cellular and PCS service	**$ 819,682**	$708,688	$597,897
Paging service	**71,780**	68,300	58,946
Equipment sales and other	**317,639**	149,318	124,184
	1,209,101	926,306	781,027
Operating costs	**419,758**	252,001	218,026
Selling expenses	**228,403**	210,967	174,525
General and administrative expenses	**195,593**	160,836	122,774
Operating income before depreciation, amortization and special charges	**365,347**	302,502	265,702
Depreciation and amortization	**202,172**	170,217	147,648
Special charges (Note 12)	**–**	70,620	–
Operating income	**163,175**	61,665	118,054
Interest expense	**(42,173)**	(34,708)	(37,665)
Other items (Note 13)	**495**	64,695	6,113
Income before income taxes	**121,497**	91,652	86,502
Income taxes (Note 14)			
Current	**37,386**	34,451	20,882
Deferred	**13,202**	(6,735)	14,577
	50,588	27,716	35,459
Net income	**$ 70,909**	$ 63,936	$ 51,043
Earnings per share (dollars)	**$ 1.02**	$ 0.92	$ 0.74
Average number of common shares outstanding (thousands)	**69,363**	69,346	69,305

consolidated statements of retained earnings

for the years ended December 31 – thousands of dollars

	1997	1996	1995
Retained earnings (deficit) at beginning of year	**$ 77,092**	$13,156	$(37,887)
Net income	**70,909**	63,936	51,043
Retained earnings at end of year	**$148,001**	$77,092	$ 13,156

consolidated statements of changes in financial position

for the years ended December 31 – thousands of dollars

	1997	1996	1995
OPERATING ACTIVITIES			
Net income	**$ 70,909**	$ 63,936	$ 51,043
Items not affecting cash			
Depreciation and amortization	**202,172**	170,217	147,648
Deferred income taxes	**13,202**	(6,735)	14,577
Share of net (income) loss of associated companies	**1,245**	(137)	(504)
Non-controlling interest	**–**	(1,350)	(1,473)
Special charges	**–**	70,620	–
Gain on sale of investments	**–**	(66,495)	–
Other	**655**	5,751	1,723
Cash flow from operations	**288,183**	235,807	213,014
Decrease (increase) in working capital (Note 15)	**(148,245)**	(30,874)	18,498
	139,938	204,933	231,512
INVESTING ACTIVITIES			
Capital expenditures	**(429,389)**	(329,809)	(241,844)
Proceeds of disposal of fixed assets	**643**	578	2,445
Proceeds of disposal of investments and business (Note 13(a))	**–**	78,683	–
Refund of deposit (Note 13(b))	**–**	27,198	–
Acquisitions and investments (Note 16)	**(6,476)**	(44,178)	(62,381)
Other items	**2,067**	30	936
	(433,155)	(267,498)	(300,844)
FREE CASH FLOW	**(293,217)**	(62,565)	(69,332)
FINANCING ACTIVITIES			
Issue of long-term debt	**300,000**	90,096	219,172
Repayment of long-term debt	**(95,818)**	(95,706)	(88,000)
Short-term loans from parent	**85,000**	–	–
Debt issue costs	**(2,759)**	–	(1,180)
Issue of common shares	**657**	444	1,494
Issue (redemption) of equity to non-controlling interest	**–**	(996)	2,911
	287,080	(6,162)	134,397
CASH POSITION			
Increase (decrease) during the year	**(6,137)**	(68,727)	65,065
At beginning of year	**(9,639)**	59,088	(5,977)
At end of year	**$ (15,776)**	$ (9,639)	$ 59,088

1. nature of operations

BCE Mobile Communications Inc. ("BCE Mobile" or the "Company") and its subsidiaries, operating under the Bell Mobility banner, provide wireless communications services to customers in Canada. The Company offers cellular, digital personal communications services ("PCS"), paging and data communications services in Ontario and Quebec. BCE Mobile is also involved in airline passenger communications and the sale of wireless equipment and private radio systems.

basis of presentation

At December 31, 1997, the Company was 65.3% owned by BCE Inc. ("BCE"). BCE Mobile is a holding company which carries on substantially all of its operations through its subsidiaries, principally—Bell Mobility Cellular Inc. ("Bell Mobility Cellular") and Bell Mobility Paging Inc. ("Bell Mobility Paging"), as well as through Skytel Communications Corporation, and Bell Mobility Radio Inc. ("Bell Mobility Radio"). All subsidiaries are consolidated.

BCE Mobile uses the equity method to account for investments in companies and other business ventures over which it exercises significant influence. The Company uses the cost method to account for portfolio investments.

Certain previously reported figures have been reclassified to conform with the current presentation.

2. significant accounting policies

a) inventories

Inventories consist of analog cellular and digital PCS phones, pagers and mobile radios held for resale and spare parts. The inventories are valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis for items for resale. The average cost method is used for spare parts.

b) prepaid expenses and other current assets

Prepaid expenses and other current assets consist primarily of government license fees which are amortized over a twelve-month period.

c) depreciation and amortization

Depreciation of fixed assets is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Cellular network equipment		*Equipment installed on aircraft*	*10 years*
Cell sites	*8 years*	*Other telecommunications equipment*	*3 to 8 years*
Switches	*10 years*	*Office equipment*	*10 years*
Microwave	*12 years*	*Computer hardware and software*	*3 to 5 years*
Test	*5 years*	*Buildings*	*40 years*
Pagers	*3 years*	*Leasehold improvements*	*Lease term*
Paging network equipment	*10 years*		

2 significant accounting policies (continued)

d) licenses and permits

This asset represents the cost of acquiring the right to transmit radio signals in a given licensed area, less accumulated amortization. The amortization is computed on a straight-line basis over a 20-year period. Amortization for the year amounted to $2,723,000 (1996 – $2,445,000; 1995 – $1,845,000).

Management reviews the carrying value of the licenses and permits on an ongoing basis to determine if an impairment has occurred. The determination as to whether an impairment has occurred is made by comparing the carrying value to the projected undiscounted operating cash flows, less capital expenditures, of the related activity.

e) income taxes

The Company follows the tax allocation method of accounting for income taxes whereby the income taxes charged against income for the period are computed on the basis of accounting income rather than taxable income. Deferred income taxes result from timing differences in the recognition of income and expenses for income tax and financial statement purposes.

f) deferred revenue

Deferred revenue consists of cellular system license fees, prepayments under certain cellular and paging customer contracts and other amounts billed to customers in advance. System licence fees are amortized to revenue over a 12-month period ending on the anniversary date of billing. Prepayments are amortized to revenue over the term of the contract. Other amounts billed in advance are recognized as revenue in the month the service is rendered.

g) use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. accounts receivable

thousands of dollars	**1997**	1996
Receivables from cellular, PCS and paging service	**$177,350**	$145,199
Receivables from equipment sales and other operations	**137,233**	41,421
Allowance for doubtful accounts	**(7,853)**	(7,425)
	$306,730	$179,195

4. investments

thousands of dollars	1997	1996
Iridium Canada – common equity	**$43,457**	$44,702
notes receivable	**7,164**	3,385
Iridium L.L.C.	**10,956**	10,956
Other	**2,682**	2,433
	$64,259	$61,476

At December 31, 1997, BCE Mobile owned 47.6% of the voting shares of Iridium Canada Inc. ("Iridium Canada"), as well as a preferred share interest in Iridium, L.L.C., the satellite service operator. Iridium Canada currently owns approximately 4% of Iridium, L.L.C. and has interests in the licensed distributors for IRIDIUM satellite service in North America. The notes receivable from Iridium Canada bear interest at rates based upon the bank prime rate and have no specific terms of repayment. The investment in common equity of Iridium Canada is accounted for using the equity method.

Under certain circumstances, BCE Mobile has also agreed to invest up to a further US $6.7 million in common equity of Iridium Canada.

5. fixed assets

	1997		1996	
thousands of dollars	cost	net book value	cost	net book value
Cellular and PCS network				
Cell sites	**$ 946,789**	**$ 531,537**	$ 659,111	$321,032
Switches	**264,481**	**183,687**	209,259	145,554
Microwave	**204,866**	**85,806**	174,118	71,054
Test	**38,659**	**11,359**	31,642	8,788
	1,454,795	**812,389**	1,074,130	546,428
Pagers	**67,436**	**19,139**	58,888	17,227
Paging network	**55,296**	**29,658**	50,362	26,658
Equipment installed on aircraft	**33,187**	**19,721**	29,993	18,780
Other telecommunications equipment	**24,103**	**7,056**	38,687	12,459
Office equipment	**75,262**	**31,804**	57,513	22,911
Computer hardware and software	**224,417**	**97,962**	118,509	31,665
Land and buildings	**10,127**	**9,458**	9,928	9,392
Leasehold improvements and other	**28,925**	**16,946**	18,968	10,125
Assets under construction	**84,776**	**84,776**	199,973	199,973
	$2,058,324	**$1,128,909**	$1,656,951	$895,618

6. deposit on long-term contract

As a part of the reorganization of Telesat Mobile Inc. ("TMI") in 1993, BCE Mobile agreed to exchange its $30,000,000 investment in debentures of TMI for a service agreement with TMI Communications and Company, Limited Partnership ("TMI Communications"), TMI's successor company. Under this seven-year agreement, TMI Communications is providing 50 million minutes of satellite capacity to BCE Mobile at no additional cost during the first five years of the contract's term. During the last two years of the contract, BCE Mobile has agreed to purchase an additional 10 million minutes of satellite capacity at the lower of market rates or $1.00 per minute.

The contract's term began on January 15, 1996, when TMI Communications commenced commercial satellite service using leased satellite capacity. TMI Communications launched its own satellite in April 1996. BCE Mobile cannot predict the extent to which or the rate at which a market for the satellite service will develop and allow realization of the revenues arising from the minutes made available under the service contract.

The deposit is being amortized as the minutes of satellite service are sold to BCE Mobile's customers, subject to a minimum annual amortization schedule established when the contract's term commenced. As of December 31, 1997, approximately 2 million of the minutes available under the service contract had been drawn down. Amortization for the year amounted to $4,200,000 (1996 – $900,000; 1995 – $ nil).

7. other assets

thousands of dollars	**1997**	1996
Debenture issue costs, net of accumulated amortization	**$ 3,439**	$1,063
Cross-currency swap receivable (Note 10)	**9,060**	–
Long-term receivables and other	**863**	404
	$13,362	$1,467

The debenture issue costs are amortized over the term of the debentures. Amortization charges for the year amounted to $383,000 (1996 – $427,000; 1995 – $475,000).

8. accounts payable and accrued liabilities

thousands of dollars	**1997**	1996
Trade accounts payable	**$105,094**	$ 54,446
Interest payable	**15,075**	9,939
Payroll-related liabilities	**26,622**	17,331
Accrued liabilities	**104,417**	126,788
	$251,208	$208,504

9. short-term loans from parent

These short term loans from BCE Inc. bear interest at 4.72% and were fully repaid in January 1998.

10. long-term debt

thousands of dollars	**1997**	1996
Bell Mobility Cellular		
Bank credit facility (a)	**$ –**	$ 64,721
Senior unsecured debentures		
Series B, bearing interest at 12.9% due on August 14, 1998	**4,000**	8,000
Series D, issued at 101.91, bearing interest at 8.3%, due on October 23, 1998	**100,000**	100,000
Series E, bearing interest at 7.3% due on January 8, 2007	**150,000**	–
Series F, bearing interest at 6.55%, due on June 2, 2008	**150,000**	–
Senior unsecured notes		
Series 1, issued for US $150,000,000, bearing interest at 6.55%, due on August 15, 2000. All interest and principal payments relating to these notes have been converted to Canadian dollars at a fixed exchange rate of 1.38 through the use of a cross-currency swap agreement. The effective interest rate under the agreement has been fixed at 7.99% for the term of the notes	**216,060**	205,680
Bell Mobility Paging		
Bank credit facility (b)	**–**	25,000
Bell Mobility Radio		
Term loan, bearing interest at 10.28%, and maturing in December 2003. The loan is being repaid in equal quarterly instalments of $924,000, including interest and principal	**16,422**	18,294
Other	**150**	375
	636,632	422,070
Less: current portion	**106,106**	6,113
	$530,526	$415,957

Minimum instalments on long-term debt, are as follows:

thousands of dollars

1998	1999	2000	2001	2002
$106,106	$2,313	$218,620	$2,835	$3,137

financing agreements

a) Bell Mobility Cellular has entered into an agreement with a syndicate of Canadian financial institutions for a $250,000,000, unsecured revolving credit facility, maturing in 2002. Funds advanced under the facility are available at rates of interest based on Canadian bank prime, banker's acceptance, US base and LIBOR rates. At December 31, 1997, no amount had been drawn under this facility.

10. long-term debt (continued)

b) Bell Mobility Paging has unsecured revolving bank credit facilities totalling $30,000,000. Funds advanced under the facility are available at rates of interest based on Canadian bank prime, banker's acceptance, US base and LIBOR rates. These facilities are extendable annually, at the lenders' option. At December 31, 1997, no amount had been drawn on this facility.

c) BCE Mobile has entered into an agreement with a syndicate of Canadian financial institutions for a $100,000,000, unsecured revolving credit facility, maturing in 2000. Funds advanced under the facility are available at rates of interest based on Canadian bank prime, banker's acceptance, US base and LIBOR rates. At December 31, 1997, no amount had been drawn under this facility.

11. share capital and contributed surplus

authorized

The Articles of the Company provide for an unlimited number of common shares without nominal or par value, and an unlimited number of first and second preferred shares issuable in series.

issued and outstanding

Common shares:

		1997			1996
number	**stated capital $000**	**contributed surplus $000**	number	stated capital $000	contributed surplus $000
69,370,899	**$288,706**	**$182,703**	69,352,141	$288,049	$182,703

During the year, the Company issued 18,758 common shares for $657,000 in cash as a result of the exercise of stock options (1996 – 13,372 shares for $444,000; 1995 – 58,161 shares for $1,494,000).

Stock options:

At December 31, 1997, 190,037 common shares remained authorized for issuance under the Company's stock option plans. Options vest three years after the date they are granted, and must be exercised within four years of the vesting date. The exercise price of the options is 100% of the average market price of BCE Mobile common shares on the five trading days immediately preceding each grant date.

Details of stock options outstanding are as follows:

	1997	1996
Number of options		
Outstanding at beginning of year	**194,558**	140,332
Granted	**42,425**	78,555
Exercised	**(18,758)**	(13,372)
Forfeited	**–**	(10,957)
Outstanding at end of year	**218,225**	194,558
Exercisable at end of year	**94,977**	77,469

11. share capital and contributed surplus (continued)

	1997	1996
Range of exercise prices:		
Granted	**$42.380 to $45.415**	$42.2975 to $46.0938
Exercised	**$28.975 to $39.850**	$20.1670 to $37.4250
Outstanding at end of year	**$33.475 to $46.125**	$28.9750 to $44.7750
Exercisable at end of year	**$33.475 to $46.125**	$28.9750 to $46.1250

12. special charges

a) special charge for technology change

In 1996 the Company recorded a provision of $22,500,000 to facilitate the migration of digital cellular customers who are currently using Time Division Multiple Access ("TDMA") technology to Code Division Multiple Access ("CDMA") technology.

b) write-off of deferred equipment costs

Effective January 1, 1997, BCE Mobile no longer defers and amortizes equipment costs associated with certain customer contracts, as current circumstances indicate that the benefit from these expenditures relates more appropriately to current period activities. As a result, BCE Mobile wrote off the unamortized balance of these deferred costs at December 31, 1996 of $48,120,000.

13. other items

thousands of dollars	**1997**	1996	1995
Non-controlling interest in net loss of subsidiaries	**$ –**	$ 1,350	$1,473
Share of net income (loss) of associated companies	**(1,245)**	137	504
Gain on sale of investments and business (a)	–	66,495	–
Interest income	**1,468**	2,713	3,735
Miscellaneous items (b)	**272**	(6,000)	401
	$ 495	$64,695	$6,113

a) In January 1996, the Company sold its remaining investment in Clearnet Communications Inc. for $65,713,000 in cash, resulting in a gain of $60,357,000.

In September 1996, BCE Mobile sold its interest in Teletech Financial Corporation for net cash proceeds of $12,270,000, resulting in a gain of $6,075,000.

In October 1996, Bell Mobility Radio sold a portion of its private radio business for $700,000. The company disposed of net tangible assets of $637,000, resulting in a gain of $63,000.

13. other items (continued)

b) Miscellaneous items in 1996 include provisions of $5,659,000 for investments and other assets, including a charge to write-off the Company's remaining investment and costs associated with its participation in AirLink, L.L.C. ("AirLink"), a company formed in 1995 to bid for licenses for 1.9 GHz PCS service in the "C Block" auctions held by the Federal Communications Commission ("FCC") in the United States. The investments made funded a US $20 million deposit made by AirLink for its participation in the auctions and BCE Mobile's share of operating expenses. AirLink withdrew from the auctions in March 1996 and the deposit of $27,198,000 was refunded by the FCC.

14. income taxes

Income taxes included in the statements of income differ from the statutory income tax rate as follows:

	1997	1996	1995
Statutory income tax rate	**43.0%**	42.56%	42.56%
thousands of dollars			
Income taxes based on the statutory income tax rate	**$52,244**	$39,007	$36,815
Adjustment resulting from:			
Share of net loss (income) of associated companies	**535**	(58)	(215)
Amortization of licenses and permits	**901**	847	785
Non-controlling interest	–	(575)	(627)
Income tax rate differentials	**(94)**	746	(306)
Large corporations tax	**2,551**	2,100	333
Application of tax losses not previously recorded	**(7,399)**	(8,301)	(1,711)
Non-taxable portion of capital transactions	–	(6,098)	–
Non-deductible expenses and other adjustments	**1,850**	48	385
Income taxes	**$50,588**	$27,716	$35,459

15. change in working capital

thousands of dollars	**1997**	1996	1995
Increase in current assets			
Accounts receivable	**$(126,911)**	$(33,209)	$(14,691)
Inventories	**(53,079)**	(23,776)	(7,370)
Prepaid expenses and other current assets	**(1,644)**	(27,080)	(15,725)
Other assets	**(315)**	(18)	(22)
Increase (decrease) in current liabilities			
Accounts payable and accrued liabilities	**48,042**	41,938	26,888
Income taxes payable	**(16,618)**	4,408	16,594
Due to related companies	**(1,439)**	1,852	2,167
Deferred revenue	**3,719**	5,011	10,657
Decrease (increase) in working capital	**$(148,245)**	$(30,874)	$ 18,498

16. acquisitions and investments

a) During the year, the Company made investments of $6,476,000, consisting principally of investments in the IRIDIUM project of $3,779,000 (1996 – $21,673,000; 1995 – $25,319,000).

b) In April 1996, Bell Mobility Paging purchased certain assets of TeleZone Corporation, principally in Ontario, for cash consideration of $18,782,000. The company acquired net tangible and intangible assets of $1,172,000 and $17,610,000 respectively.

Also in 1996, Bell Mobility Paging purchased interests in the operations of two paging resellers operating in the province of Quebec for $965,000. The company acquired net tangible and intangible assets of $310,000 and $655,000 respectively.

c) In December 1996, BCE Mobile purchased the remaining 40% interest in Bell-Ardis Inc. for $2,044,000 in cash, all allocated to net tangible assets.

17. business segments

BCE Mobile operates principally in one business segment—the offering of analog cellular and digital PCS service in Ontario and Quebec. The Company's other activities consist of paging service, the sale of wireless equipment, data communications services, airline passenger communications and the sale of private radio systems. Management does not consider any of these individual activities to be reportable segments.

17. business segments (continued)

December 31, 1997 business segment data

thousands of dollars	cellular and PCS service	paging service, equipment sales and other	consolidated
Revenues			
Service	$ 819,682	$ 71,780	$ 891,462
Equipment sales	–	279,583	279,583
Other	–	38,056	38,056
	819,682	389,419	1,209,101
Operating costs and expenses	487,404	356,350	843,754
Operating income before depreciation and amortization	332,278	33,069	365,347
Depreciation and amortization			202,172
Operating income			$ 163,175
Assets	$1,448,863	$242,239	$1,691,102
Liabilities	$ 985,775	$ 85,917	$1,071,692
Capital expenditures	$ 405,083	$ 24,306	$ 429,389

December 31, 1996 business segment data

thousands of dollars	cellular service	paging service, equipment sales and other	consolidated
Revenues			
Service	$ 708,688	$ 68,300	$ 776,988
Equipment sales	–	115,312	115,312
Other	–	34,006	34,006
	708,688	217,618	926,306
Operating costs and expenses	416,826	206,978	623,804
Operating income before depreciation and amortization and special charges	291,862	10,640	302,502
Depreciation and amortization			170,217
Special charges			70,620
Operating income			$ 61,665
Assets	$1,015,152	$254,115	$1,269,267
Liabilities	$ 615,757	$105,666	$ 721,423
Capital expenditures	$ 296,483	$ 33,326	$ 329,809

17. business segments (continued)

December 31, 1995 business segment data

thousands of dollars	cellular service	paging service, equipment sales and other	consolidated
Revenues			
Service	$597,897	$ 58,946	$ 656,843
Equipment sales	–	98,498	98,498
Other	–	25,686	25,686
	597,897	183,130	781,027
Operating costs and expenses	341,631	173,694	515,325
Operating income before depreciation and amortization	256,266	9,436	265,702
Depreciation and amortization			147,648
Operating income			$ 118,054
Assets	$890,766	$239,689	$1,130,455
Liabilities	$562,675	$ 84,316	$ 646,991
Capital expenditures	$194,100	$ 47,744	$ 241,844

18. reconciliation of financial statements prepared under Canadian generally accepted accounting principles ("GAAP") and United States GAAP

Items where significant differences between Canadian and United States GAAP exist, and their impact on the consolidated financial statements are explained below:

a) net income reconciliation

thousands of dollars	**1997**	1996	1995
Net income, as reported, under Canadian GAAP	**$70,909**	$63,936	$51,043
Income taxes (i)	**(256)**	(2,008)	(2,141)
Net income under United States GAAP	**$70,653**	$61,928	$48,902
Earnings per share under United States GAAP	**$ 1.02**	$ 0.89	$ 0.71

Fully diluted earnings per share are not presented since they are anti-dilutive.

reconciliation of financial statements prepared under Canadian GAAP and United States GAAP (continued)

b) balance sheet reconciliation

December 31, 1997 *thousands of dollars*	**Canadian GAAP**	**adjustments**	**United States GAAP**
Assets	**$1,691,102**		**$1,691,102**
Liabilities and deferred income taxes	**1,071,692**	**(856)**	**1,070,836**
Shareholders' equity	**619,410**	**856**	**620,266**
	$1,691,102		**$1,691,102**

December 31, 1996 *thousands of dollars*	Canadian GAAP	adjustments	United States GAAP
Assets	$1,269,267	(i) 1,112	$1,270,379
Liabilities and deferred income taxes	721,423		721,423
Shareholders' equity	547,844	(i) 1,112	548,956
	$1,269,267		$1,270,379

(i) income taxes

United States GAAP requires that the impact of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes be accounted for, and adjusted each year for changes to statutory income tax rates. Under Canadian GAAP, the annual income tax provision results from accounting income for tax purposes calculated using income tax rates in effect for each year, without adjustment for subsequent changes in statutory income tax rates.

Also, United States GAAP requires that the income tax benefit of operating losses be recognized in the financial statements, less a valuation allowance when it is more likely than not that the benefit will not be realized in the future. Canadian GAAP applies a stricter test of reasonable assurance or virtual certainty of realization before the income tax benefit of operating losses can be realized.

19. disclosure of the fair value of financial instruments

Fair value estimates are made as of a specific point in time, using available information about the financial instruments. These estimates are subjective in nature and often cannot be determined with precision.

a) current assets and current liabilities

The carrying values of any financial instruments included in current assets and current liabilities in the consolidated balance sheets approximate their fair value due to the short maturity of these instruments.

The Company has a large number of diverse customers which minimize the credit risk associated with accounts receivable.

19. disclosure of the fair value of financial instruments (continued)

b) long-term debt

The estimated fair value of each of the Company's long-term debt instruments is based upon the future cash flows associated with each instrument, discounted using a current market rate for a similar debt instrument of comparable maturity.

c) cross-currency swap agreement

The estimated fair value of the Company's cross-currency swap agreement (see Note 10) is based upon values quoted by the two counterparties to the agreement. The interest rate and currency risks have been mitigated by the cross-currency swap agreement. Any market or liquidity risk arises from the creditworthiness of the counterparties. The Company has not required collateral or other security from the counterparties due to the Company's assessment of their creditworthiness. The maximum accounting loss that the Company would incur if the counterparties to the cross-currency swap were to completely fail to perform according to the terms of the agreement is approximately $12,260,000 at December 31, 1997.

d) estimated fair value of Company's financial instruments

Estimated fair values of the Company's financial instruments, where the fair value differs from the carrying amounts on the financial statements as at December 31, 1997 and 1996, are as follows:

December 31, 1997 *thousands of dollars*	carrying amount	estimated fair value
Long-term debt		
Senior unsecured debentures	$404,000	$412,900
Senior unsecured notes Series 1	216,060	217,000
Other long-term debt	16,572	18,434
	$636,632	$648,334
Cross-curency swap receivable (payable)	$ 9,060	$ (3,200)

December 31, 1996 *thousands of dollars*	carrying amount	estimated fair value
Investments	$ 61,476	$ 61,476
Long-term debt		
Senior unsecured debentures	$108,000	$115,300
Senior unsecured notes Series 1	205,680	204,400
Other long-term debt	108,390	110,600
	$422,070	$430,300
Cross-currency swap payable	$ (1,320)	$ (20,100)

20. pensions

Certain employees of the Company and its subsidiaries are covered by a non-contributory, defined-benefit plan which provides for service pensions, based on length of service and rates of pay.

The policy is to fund pension costs through contributions based on actuarial cost methods as permitted by pension regulatory bodies. Such contributions will reflect actuarial assumptions regarding salary projections and future service benefits. The actuarial present value of benefits has been projected to December 31, 1997 using data from the most recent actuarial valuation, which was completed in 1996 and was based on employee data as at January 1, 1996.

The present value of the accrued plan benefits and net assets available to discharge these benefits are as follows:

thousands of dollars	**1997**	1996
Actuarial present value of benefits:		
Accumulated benefits		
Vested	**$23,064**	$18,678
Non-vested	**6,918**	5,603
	29,982	24,281
Effect of salary projection	**16,143**	13,074
Accrued benefits	**$46,125**	$37,355
Net assets available for benefits, at market value	**$62,734**	$51,986

The components of the Company's pension expense are:

thousands of dollars	**1997**	1996	1995
Service cost	**$ 5,836**	$6,000	$4,749
Interest cost on projected plan benefits	**3,223**	2,648	2,245
Amortized value expected return on plan assets	**(3,610)**	(2,897)	(2,274)
Net amortization	**(547)**	(348)	(104)
	$ 4,902	$5,403	$4,616

Significant assumptions are as follows:

	1997	1996	1995
Assumed discount rate	**7.5%**	7.5%	7.5%
Expected rate of return	**7.5%**	7.5%	7.5%
Estimated salary increase	**6.0%**	6.0%	6.0%

Pension expense is accrued and charged to earnings over employees' working lives. The pension expense was calculated using a value of assets adjusted to market value over a five-year period.

21 related party transactions

Transactions with related parties occurred within the course of normal operations and have been measured at the amounts actually exchanged.

thousands of dollars	revenue	operating costs and expenses	purchase of fixed assets	due to (from) related companies
December 31, 1997				
Subsidiaries of BCE	**$ 676**	**$57,297**	**$200,019**	**$ 9,642**
Mobility Canada	**97**	**1,148**	**–**	**(422)**
	$ 773	**$58,445**	**$200,019**	**$ 9,220**
December 31, 1996				
Subsidiaries of BCE	$ 2,498	$ 58,771	$ 114,781	$ 13,210
Mobility Canada	988	870	–	(2,551)
	$ 3,486	$ 59,641	$ 114,781	$ 10,659
December 31, 1995				
Subsidiaries of BCE	$ 3,624	$ 47,562	$ 57,823	$ 11,495
Mobility Canada	–	1,660	–	(2,688)
	$ 3,624	$ 49,222	$ 57,823	$ 8,807

22. commitments and contingent liabilities

a) At December 31, 1997, the future minimum lease payments under operating leases that have lease terms in excess of one year are as follows:

thousands of dollars	operating leases
1998	$ 31,952
1999	19,791
2000	14,974
2001	11,947
2002	10,803
thereafter	65,082
Total future minimum lease payments	$154,549

Rent expense applicable to operating leases totalled $32,989,000 for the year ended December 31, 1997 (1996 – $27,887,000; 1995 – $22,467,000).

22. commitments and contingent liabilities (continued)

b) The Company is contingently liable for lease payments on contracts between subscribers and a financing company should the subscribers default on the lease. The cost to the Company is dependent on the extent of recovery from the subscribers, with a maximum exposure of $13,808,000 (1996 – $16,939,000).

c) The Company has been named as a co-defendant along with other industry leaders in a $62 million lawsuit brought on by a distributor of electronic equipment, including cellular telephones, alleging defendants pursued telephone pricing policies which were in contravention of competition legislation. Management is of the view, supported by counsel, that this suit is of doubtful merit and that the Company has a serious and substantial defence against this action.

Management does not expect that the above action will result in a material adverse impact on the Company.

quarterly financial data

millions of dollar	1997 Q1	Q2	Q3	Q4
INCOME STATEMENT				
Revenues				
Cellular and PCS service	**$187.2**	**$207.4**	**$214.0**	**$211.1**
Paging service	**17.1**	**18.0**	**17.8**	**18.8**
Equipment sales and other	**43.8**	**37.8**	**39.4**	**196.7**
Total	**248.1**	**263.2**	**271.2**	**426.6**
EBITDA	**88.0**	**103.2**	**106.5**	**67.6**
Depreciation and amortization	**47.2**	**48.5**	**52.2**	**54.3**
Interest	**9.6**	**10.1**	**10.3**	**12.1**
Net income	**18.0**	**25.7**	**25.7**	**1.5**
Earnings per share ($)	**0.26**	**0.37**	**0.37**	**0.02**
BALANCE SHEET (AT DECEMBER 31)				
Working capital[1]	**46.7**	**(5.4)**	**(31.5)**	**84.0**
Fixed assets–net	**940.4**	**1,011.2**	**1,058.9**	**1,128.9**
Total debt	**504.2**	**545.6**	**544.3**	**721.6**
Shareholders' equity	**566.1**	**591.8**	**617.9**	**619.4**
STATEMENT OF CHANGES IN FINANCIAL POSITION				
Cash flow from operations	**67.1**	**74.4**	**75.3**	**71.4**
Financing–net	**81.0**	**40.2**	**(1.1)**	**167.0**
Capital expenditures	**90.2**	**116.8**	**98.3**	**124.1**
Cash flow per share ($)	**$ 0.97**	**$ 1.07**	**$ 1.09**	**$ 1.03**

millions of dollars	1996 Q1	Q2	Q3	Q4
INCOME STATEMENT				
Revenues				
Cellular service	$157.4	$177.4	$184.0	$189.9
Paging service	15.8	16.6	18.3	17.6
Equipment sales and other	23.1	37.6	34.9	54.7
Total	196.3	231.6	236.2	262.2
EBITDA	68.3	74.3	86.5	73.4
Depreciation and amortization	47.9	38.3	40.5	43.5
Interest	10.2	9.9	7.9	6.7
Net income	43.3	15.3	21.5	(16.1)
Net income (before non-recurring items)	11.9	15.3	21.5	11.5
Earnings per share ($)	0.62	0.22	0.31	(0.23)
Earnings per share (before non-recurring items) ($)	0.17	0.22	0.31	0.17
BALANCE SHEET (AT DECEMBER 31)				
Working capital[1]	119.2[2]	(19.0)	(25.7)	(59.9)
Fixed assets–net	726.0	782.2	802.7	895.6
Total debt	428.6	350.9	344.1	423.4
Shareholders' equity	526.9	542.2	563.7	547.8
STATEMENT OF CHANGES IN FINANCIAL POSITION				
Cash flow from operations	52.8	55.7	55.2	72.1
Financing–net	(2.4)	(76.9)	(6.8)	79.9
Capital expenditures	43.3	91.6	60.1	134.8
Cash flow per share ($)	$ 0.76	$ 0.80	$ 0.80	$ 1.04

note 1: excludes debt due within one year
note 2: includes $109.2 M of cash and short-term investments

financial data

	1997	1996	1995	1994	1993	1992	1991[1]	1990[1,2]	1989[1,2]	1988[1,2]
millions of dollars										
INCOME STATEMENT										
Revenues										
Cellular and PCS service[3]	**$ 819.7**	$708.7	$597.9	$468.7	$372.5	$322.1	$269.6	$229.4	$144.0	$ 82.5
Paging service	**71.8**	68.3	58.9	49.1	40.2	32.3	40.6	43.9	42.5	36.1
Equipment sales and other	**317.6**	149.3	124.2	98.7	84.6	78.9	50.4	50.8	48.7	47.3
Total	**1,209.1**	926.3	781.0	616.5	497.3	433.4	360.6	324.1	235.2	165.9
EBITDA	**365.3**	302.5	265.7	221.5	168.7	134.9	101.0	87.0	54.2	134.7
EBITDA per share ($)	**5.27**	4.36	3.83	3.20	2.44	1.95	1.51	1.38	0.88	0.59
Depreciation and amortization	**202.2**	170.2	147.6	119.5	102.7	92.7	89.6	71.8	54.2	35.4
Interest	**42.2**	34.7	37.7	35.0	35.0	40.1	44.9	44.4	20.3	8.9
Net income (loss)	**70.9**	63.9	51.0	36.6	3.6	(3.9)	(17.9)	(25.6)	(16.8)	(3.9)
Earnings (loss) per share ($)	**$ 1.02**	$ 0.92	$ 0.74	$ 0.53	$ 0.05	$ (0.06)	$ (0.27)	$ (0.41)	$ (0.27)	$ (0.07)
Average common shares (thousands)	**69,363**	69,346	69,305	69,265	69,210	69,136	66,928	63,057	61,325	58,607
BALANCE SHEET (AT DECEMBER 31)										
Working capital[4]	**$ 84.0**	$ (59.9)	$ 53.5[5]	$ 2.6	$ 15.2	$ (1.9)	$ 9.7	$ 26.6	$ 25.6	$ 9.8
Fixed assets–net	**1,128.9**	895.6	730.1	644.0	647.4	592.2	592.4	549.9	402.2	228.0
Total debt	**721.6**	423.4	429.0	297.8	373.0	327.1	319.4	386.0	264.4	99.3
Shareholders' equity	**$ 619.4**	$547.8	$483.5	$430.9	$393.4	$387.5	$390.5	$308.2	$260.0	$223.9
Common shares (thousands)	**69,371**	69,352	69,339	69,281	69,248	69,153	69,106	64,994	61,992	59,844
STATEMENT OF CHANGES IN FINANCIAL POSITION										
Cash flow	**$ 288.2**	$235.8	$213.0	$183.9	$134.7	$ 98.3	$ 58.1	$ 43.8	$ 35.8	$ 26.0
Financing–net	**287.1**	(6.2)	134.4	(72.4)	51.0	11.7	32.1	194.2	216.3	87.6
Capital expenditures	**429.4**	329.8	241.8	127.1	162.8	90.2	136.8	215.0	226.3	83.7
Cash flow per share ($)	**$ 4.15**	$ 3.40	$ 3.07	$ 2.66	$ 1.95	$ 1.42	$ 0.87	$ 0.69	$ 0.58	$ 0.44
CONSOLIDATED RATIOS										
Operating cash flow margin (%)[6]	**30.2**	30.3	32.3	34.3	33.9	31.1	28.0	26.9	23.0	20.9
Return on average total capital (%)	**14.0**	13.1	14.7	13.5	8.3	5.7	3.7	2.2	(1.1)	1.6
Return on average common equity (%)	**12.1**	12.4	11.2	8.9	0.9	(1.0)	(5.1)	(9.0)	(6.9)	(2.0)
Debt to total capital (%)	**53.8**	43.6	47.0	40.9	48.7	45.8	45.7	56.2	50.8	31.4

note 1: restated in 1992 to reflect full expensing of cellular dealer commissions
note 2: restated in 1991 to reflect change in depreciation policy for pagers
note 3: includes PCS in 1997
note 4: excludes debt due within one year
note 5: includes $59.1 M of cash and short-term investments
note 6: adjusted to recognize billing credits and/or expense hardware costs as incurred
note 7: began trading on September 10, 1996
n.a.: not available

other statistics

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
CELLULAR AND PCS SERVICE[3]										
Subscribers	**1,221,000**	1,044,000	798,000	592,000	421,000	329,000	263,000	209,000	141,000	88,000
Gross additions	**328,000**	376,000	310,000	242,000	158,000	130,000	121,000	117,000	80,000	56,000
Population of Ontario and Quebec (millions)	**18.9**	18.7	17.7	17.5	17.0	16.9	16.7	16.5	16.3	16.1
Population in market served (millions)	**17.3**	17.1	16.8	16.6	15.7	15.3	15.0	14.7	13.9	11.8
% of population served	**95.0**	95.0	94.9	94.8	92.5	90.5	89.8	89.1	85.3	73.3
Subscribers to population served (%)	**7.04**	6.09	4.75	3.57	2.69	2.15	1.76	1.43	1.02	0.75
Cellular area served (km^2)	**243,000**	243,000	234,000	225,000	221,000	220,000	209,000	207,000	158,000	110,000
Cell sites	**999**	831	667	555	531	495	446	395	246	149
Radio channels	**28,900**	24,500	21,300	16,700	15,200	14,100	12,900	12,200	7,000	3,300
Switches	**13**	11	8	8	7	6	6	5	4	3
Calls per business day (millions)	**6.2**	5.8	3.9	3.0	2.5	1.9	1.7	1.3	1.0	n.a.
Churn (%/month)	**1.1**	1.2	1.3	1.2	1.5	1.9	2.4	2.5	1.9	1.8
Usage per sub. (minutes/month)	**162**	159	143	151	146	168	174	204	212	225
Revenue per sub. ($/month)	**62**	66[6]	75	81	85	93	98	113	106	111
Revenue per minute ($)	**0.38**	0.41[6]	0.52	0.54	0.58	0.56	0.56	0.55	0.50	0.49
Uncollectibles (% of revenues)	**1.3**	1.2[6]	1.3	1.2	1.2	2.7	4.1	3.6	2.2	1.2
Operating cash flow margin before selling (%)	**66.5**	67.0[6]	67.8	67.1	63.7	59.4	53.2	54.7	55.2	50.3
after selling (%)	**40.5**	38.2[6]	40.6[6]	42.9[6]	43.6	40.9	33.7[1]	32.9[1]	23.8[1]	8.7[1]
Selling cost per gross addition ($)	**647**	530[6]	527[6]	467[6]	473	458	433[1]	426[1]	567[1]	617[1]
PAGING SERVICE AND OTHER OPERATIONS										
Pagers in service	**475,000**	396,000	275,000	220,000	181,000	132,000	121,000	145,000	130,000	114,000
Revenue per pager ($/month)	**14**	17	20	20	21	21	23	27	n.a.	n.a.
Data terminals	**2,800**	2,200	2,200	2,600	1,800	1,300	1,000	100	0	0
Airline telephones	**10,000**	8,200	7,000	7,000	4,800	4,800	1,050	0	0	0
OTHER										
Employees (at December 31)	**2,942**	2,681	2,442	1,953	1,709	1,882	1,858	1,995	1,946	1,639
COMMON SHARE PRICE & VOLUME										
(TSE & ME)										
High ($)	**52.000**	48.500	49.000	45.250	43.000	33.250	30.000	34.000	39.000	22.750
Low ($)	**35.000**	39.300	39.000	35.000	31.500	24.250	18.000	14.750	20.375	8.000
Close (TSE) ($)	**36.000**	40.600	46.125	44.500	41.375	32.000	29.625	18.375	33.000	20.750
Volume (thousands of shares)	**12,244**	13,884	12,712	15,519	8,434	10,083	11,067	12,467	16,653	7,441
(NYSE[7])										
High ($ US)	**37.000**	35.000								
Low ($ US)	**25.125**	29.125								
Close ($ US)	**25.125**	29.625								
Volume (thousands of shares)	**150**	41								

See opposite page for footnotes.

Warren Chippindale, C.M., F.C.A.,
of Mont-Tremblant, Quebec has served as a director of the Company since November 1987. He is also a director of Alcan Aluminium Limited, BCE Inc., Bell Canada, The Molson Companies Limited and Spectrum United Funds. Mr. Chippindale retired in 1986 after 15 years as Chairman and Chief Executive Partner of Coopers & Lybrand (Canada). (Age 69)

J.V. Raymond Cyr, O.C.,
of Montreal, Quebec has served as a director since July 1992. He is also a director of Air Canada, ART Aerospace Research Technology Inc., Bell Canada, Canadian National Railway Company, Cognicase Inc., Domtar Inc., GTC Transcontinental Ltd., Spar Aerospace Limited, SR Telecom Inc. and Teleglobe Inc. Mr. Cyr is Chairman of the Board of Telesat Canada, Vistar Telecommunications Inc. and of SSiG Group Inc. He was Chairman of the Board of the Company from July 1992 to April 1993. He is a former Chairman of the Board of BCE Inc., Bell Canada, the BCE Canadian Telecom Group and BCE Mobile Communications Inc. (Age 64)

Robert A. Ferchat, F.C.A.,
of Mississauga, Ontario, is Chairman of the Board and Chief Executive Officer of BCE Mobile Communications Inc. He has served as a director since November 1994. Mr. Ferchat is also a director of ATS Automation Tooling Systems Inc., Gennum Corporation, TMI Communications & Company, Limited Partnership and the Junior Achievement of Metro Toronto and York Regions. He is a former Chairman, President and CEO of TMI Communications and President of Northern Telecom Canada Ltd. (Age 63)

Edward C. Lumley (The Honourable, P.C.),
of South Lancaster, Ontario, is Vice-Chairman of the Board of Nesbitt Burns Inc. He has served as a director since April 1995. Mr. Lumley is also a director of Air Canada, Canadian National Railway Company, Dollar-Thrifty Automotive Group, Magna International Inc. and Nesbitt Burns Inc. He is a former Chairman of Noranda Manufacturing Group Inc. (Age 58)

Léonce Montambault,
of Sillery, Quebec has served as a director since July 1990. He is also a director of the Groupe Sodisco-Howden Inc., National Bank of Canada and National Bank Life Insurance Company. Mr. Montambault is a former Chairman of the Board and Chief Executive Officer of Bell Canada. (Age 65)

Jean C. Monty, C.M.,
of Montreal, Quebec is President and Chief Operating Officer of BCE Inc. and Chairman of the Board and Chief Executive Officer of Bell Canada. He has served as a director since October 1997. Mr. Monty was Chairman of the Board of BCE Mobile Communications Inc. from December 1987 to March 1988 and a director from December 1987 to October 1992. He is also a director of Bank of Montreal, BCE Inc., Bell Canada, Bell Canada International Inc., Cable & Wireless Communications plc, ICL plc, Northern Telecom Limited, SNC-Lavalin Inc., Teleglobe Inc. and Telesat Canada. Mr. Monty was Vice-Chairman of the Board and Chief Executive Officer of Northern Telecom Limited from February 1997 to October 1997 and President and Chief Executive Officer of said corporation from March 1993 to January 1997. (Age 51)

John H. Panabaker, C.M.,
of Waterloo, Ontario, has served as a director since July 1989. He is also a director of Bell Canada and Economical Mutual Insurance Company and its subsidiaries. Mr. Panabaker has held several senior management positions at Mutual Life of Canada, including Chairman of the Board. He is a former Chairman of the Board of the Life Management Association and is currently a member of the Administrative Board of the McMaster Museum of Art. (Age 69)

John D. Thompson,
of Town of Mount Royal, Quebec, is Deputy Chairman of the Board of Montreal Trustco Inc. He has served as a director since July 1992. Mr. Thompson is also a director of AXA-Boreal Insurance, Benvest Capital Inc., Domtar Inc., Shermag Inc., Transat A.T. Inc., the MacDonald Stewart Foundation and St. Mary's Hospital Foundation. (Age 63)

L. R. Wilson,
of Montreal, Quebec, is Chairman of the Board and Chief Executive Officer of BCE Inc. He has served as a director since July 1992. Mr. Wilson is also a director of Bell Canada International Inc., CAE Inc., Chrysler Corporation, Northern Telecom Limited, Tate & Lyle plc and Teleglobe Inc. He is a former Chairman of the Board of Bank of Nova Scotia and Chairman of the Board of Redpath Industries Ltd. (Age 57)

committees of the board of directors

Executive Committee
L. R. Wilson, *Chairman*
J.V. Raymond Cyr
Robert A. Ferchat
Edward C. Lumley
Jean C. Monty

The Executive Committee possesses and exercises, during the intervals between meetings of the Board of Directors, all powers of the Board in the stewardship and direction of the Company, except those which under law a committee of directors has no authority to exercise. In addition, the Executive Committee has specific responsibility for corporate governance matters. The Chairman of the Executive Committee acts as "lead director". The Executive Committee is supported by the General Counsel and Corporate Secretary.

Audit Committee
Warren Chippendale, *Chairman*
Edward C. Lumley
Léonce Montambault
Jean C. Monty
John D. Thompson

The Audit Committee's responsibilities are to review the Company's financial statements, consider the appointment of external auditors, and review internal control and management systems. The Audit Committee also reviews the financial statements of the Company's pension fund and appoints its auditors, and recommends to the Board and monitors the implementation of policies and procedures on environmental matters. The Audit Committee has established direct communication channels with the Company's internal and external auditors to review and discuss specific issues, and is supported by the Senior Vice-President and Chief Financial Officer.

Management Resources and Compensation Committee (MRCC)
John H. Panabaker, *Chairman*
J.V. Raymond Cyr
Léonce Montambault
L. R. Wilson

The MRCC reviews, reports and, when appropriate, provides recommendations to the Board on the following matters: the Company's policies in the areas of employee compensation (including pension and other benefits), job evaluation, training and development, recruitment and staffing, employment equity and health and safety; management's performance and officers' remuneration, in accordance with the Company's executive compensation policy; and the administration, funding and investment policies of the Company's pension plan and fund. The MRCC is supported by the Senior Vice-President, Organizational Effectiveness.

corporate officers

Robert A. Ferchat
Chairman of the Board
and Chief Executive Officer

Randall J. Reynolds
President and
Chief Operating Officer

James R. Cole
Senior Vice-President,
Customer Services

David A. Lazzarato
Senior Vice-President
and Chief Financial Officer

James S. Lovie
Senior Vice-President,
Sales, Marketing &
Distribution

Pierre G. Robitaille
Senior Vice-President,
Organizational Effectiveness

Michael A. Krebs
Vice-President
and Treasurer

Richard J. Mannion
General Counsel
and Corporate Secretary

Shareholder Inquiries

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Shareholder Services
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Telephone: (514) 982-7555
Shareholders outside the Montreal area may call collect.

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Trust Company of New York
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Investor Relations Contact

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Director - Investor Relations
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Annual Meeting

The Annual Meeting of BCE Mobile shareholders will take place at 4:00 p.m. on Monday, May 11, 1998 in the Vanity Fair Ballroom of Le Royal Méridien King Edward Hotel, 37 King Street East, Toronto, Ontario, M5C 1E9.

Stock Listings

BCE Mobile common shares are listed on the Montreal, Toronto and New York stock exchanges. BCE Mobile's stock ticker symbol on all exchanges is BCX.

Authorized Capital

The articles of BCE Mobile provide for an unlimited number of common shares without nominal or par value, and an unlimited number of first and second preferred shares, each issuable in series. Currently no preferred shares are outstanding. As of December 31, 1997, there were 69,370,899 common shares outstanding.

Dividend Policy

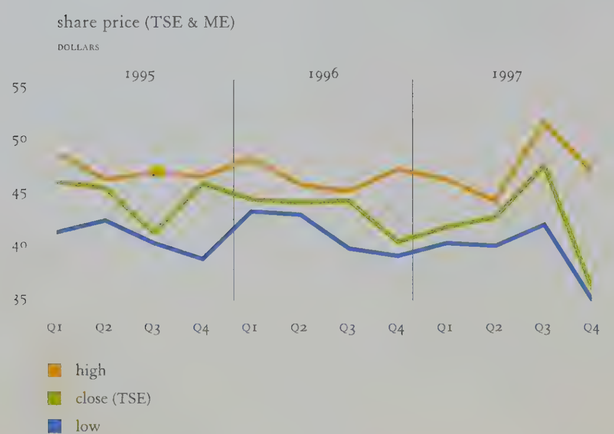
BCE Mobile's current policy is to reinvest all of its earnings to contribute to the growth of its business, and, consistent with this policy, the Company does not currently expect to pay dividends on its common shares for the foreseeable future. The Board of Directors of BCE Mobile will determine future dividend policy based on the Company's financial condition, capital requirements and other circumstances.

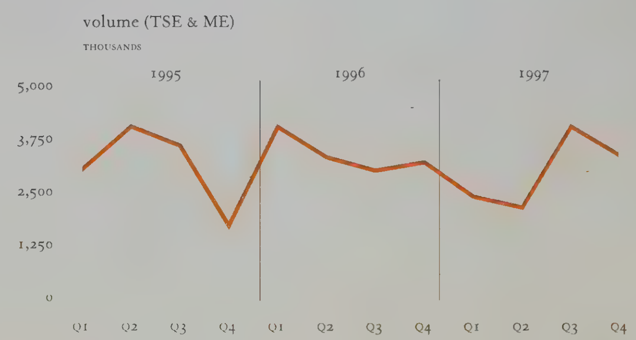
Web Site

Visit our web site at *www.bellmobility.ca* for more information on BCE Mobile. Documents available on our web site include annual and quarterly reports, news releases, annual information form, notices of annual meetings and management proxy circulars and supplemental information for analysts.

Quarterly Results

BCE Mobile expects to report its 1998 quarterly results on the following dates: April 21, July 21 and October 26, 1998 and January 25, 1999.





Environmental Policy

BCE Mobile is committed to a corporate policy on the environment that ensures services are provided in an environmentally responsible manner. More specifically, BCE Mobile will strive to:

meet, or where appropriate, exceed the requirements of all relevant legislation;

whenever possible, reuse rather than dispose of, and as well promote, the recycling and use of recycled materials;

whenever possible, market products that are environmentally safe and which can be reused, recycled or disposed of safely;

educate and train employees to conduct their activities in an environmentally sound manner;

advise customers, agents, and the public of the safe use, transportation, storage and disposal of products and services we provide; and

measure environmental performance by conducting environmental audits and assessing compliance with BCE Mobile's and legal requirements.

Executive Offices

8501 TransCanada Highway
Saint-Laurent, Quebec
H4S 1Z1
Telephone:
(514) 956-4800
Facsimile:
(514) 333-4616

Auditors

Deloitte & Touche

Bankers

Royal Bank of Canada
Bank of Nova Scotia

Trade-marks

BCE is a trade-mark of BCE Inc.
Bell and TotalCom are trade-marks of Bell Canada.
PCS Plus and *there is a difference* are trade-marks of Bell Mobility Cellular Inc.
Cellemetry is a service mark of BellSouth Corporation.
ExpressVu is a trade-mark of ExpressVu Inc.
Sympatico is a trade-mark of MediaLinx Interactive, Limited Partnership.
Caller Pays and Mobility Canada are trade-marks of Mobility Personacom Canada Ltd.
Skytel is a trade-mark of Skytel Communications Corporation.

Vous pouvez vous procurer une copie française de ce rapport annuel en communiquant avec le service des Relations avec les investisseurs au (514) 956-4800.

Padraigin Murphy and Claudia Laurie Corbell have appeared in many of Bell Mobility's TV and print ads in 1997. Padraigin and Claudia represent the latest generation of wireless customers who are growing up in a world where wireless has always existed. For them, the future is not whether to use wireless to build their world. It's how. It's how they plan to make the difference.

Bell Mobility

PRINTED in CANADA

Bell Mobility®

there is a difference

1998

BCE Mobile Communications Inc.

Notice of Annual Meeting of Shareholders
and Management Proxy Circular

notice of annual meeting of shareholders

NOTICE is hereby given that the annual meeting (the "Meeting") of shareholders of BCE MOBILE COMMUNICATIONS INC. (the "Corporation") will be held in the Vanity Fair Ballroom of Le Royal Méridien King Edward Hotel, in Toronto, Ontario, on May 11, 1998, at 4:00 p.m. for the following purposes:

(a) to receive the consolidated financial statements of the Corporation for the financial year ended December 31, 1997 and the report of the auditors thereon;

(b) to elect directors;

(c) to appoint auditors; and

(d) to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

DATED at Montreal, Quebec, this 23rd day of March, 1998.

By Order of the Board of Directors

Richard J. Mannion
General Counsel and Corporate Secretary

Holders of common shares who are unable to attend the Meeting are requested to complete, sign and return the enclosed form of proxy in the envelope provided for that purpose to the Secretary of the Corporation no later than five o'clock in the afternoon of May 6, 1998.

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management proxy circular

Dated March 16, 1998.

general

Solicitation of Proxies

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of BCE Mobile Communications Inc. ("BCE Mobile" or the "Corporation") for use at the annual meeting (the "Meeting") of the holders of common shares of the Corporation to be held on Monday, May 11, 1998 and at any adjournment or adjournments thereof. The solicitation will be primarily by mail. However, proxies may be solicited by telephone or in writing by employees or designated agents of the Corporation. The cost of solicitation will be borne by the Corporation.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are senior officers of the Corporation. A shareholder has the right to appoint a person (who need not be a shareholder) other than the persons designated in the enclosed form of proxy to attend and act for him or her and on his or her behalf at the Meeting or any adjournment or adjournments thereof. To exercise this right, the shareholder may insert the name of the desired person in the blank space provided in the proxy or may submit another appropriate proxy.

A shareholder giving a proxy may revoke the proxy by instrument in writing executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Corporation, 8501 Trans Canada Highway, Saint-Laurent, Quebec, H4S 1Z1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law but prior to the exercise of such proxy in respect of any particular matter.

Voting Shares and Principal Holders Thereof

On the date hereof, there are 76,773,206 common shares outstanding.

The Corporation has fixed March 27, 1998 as the record date ("Record Date") for the purpose of determining shareholders entitled to receive notice of the Meeting.

Each holder of common shares is entitled to one vote at the Meeting or any adjournment thereof for each share registered in the holder's name as at the Record Date, except that a transferee of common shares acquired since the Record Date shall be entitled to vote such shares at the Meeting if the transferee produces properly endorsed share certificates for such shares, or otherwise establishes that such shares are owned by the transferee and has demanded not later than ten days before the Meeting that the transferee's name be included in the list of shareholders entitled to receive the notice of the Meeting, such list having been prepared as of the Record Date.

To the knowledge of the directors and officers of the Corporation, the only person who beneficially owns or exercises control or direction over more than 10% of the common shares is BCE Inc., which beneficially owns 50,142,941 common shares representing 65.3% of all outstanding common shares.

election of directors

It is proposed to elect at the Meeting the ten persons named hereunder as nominees for election, as directors of the Corporation. Each director will hold office until the close of the next annual meeting unless prior thereto he or she shall resign or his or her office becomes vacant by death, removal or other cause. Except where authority to vote in respect of the election of directors is withheld, the persons named in the enclosed form of proxy intend to vote the common shares represented thereby for the election of the nominees whose names are set forth below. Management has no reason to believe that any such nominee will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

Nominees for Election as Directors and Shareholdings*

MICHELINE CHAREST,
of Westmount, Quebec, is co-founder of CINAR Films Inc. and is Chairman of the Board and Chief Executive Officer of said corporation since December 1976. She is a new nominee for election as a director of the Corporation. She is also a director of Metro-Richelieu Inc., Royal Bank Capital Management Inc. and the Conference Board of Canada.

ROBERT A. FERCHAT, F.C.A.,
of Mississauga, Ontario, is Chairman of the Board and Chief Executive Officer of the Corporation. He was Chairman of the Board, President and Chief Executive Officer of the Corporation from November 1994 to April 1995. Prior to joining the Corporation, he spent two years as Chairman, President and Chief Executive Officer of TMI Communications Inc. He has also held a number of senior management positions for Northern Telecom Limited including President of Northern Telecom International and President of Northern Telecom Canada Ltd. He has served as a director of the Corporation since November 1994 and is a member of the Executive Committee. He is also a director of ATS Automation Tooling Systems Inc., Gennum Corporation and the Junior Achievement of Metro Toronto and York Regions.

BCE Mobile Communications Inc. - common *4,717*

PAUL V. GODFREY,
of Willowdale, Ontario, is President and Chief Executive Officer of the Sun Media Corporation. He was President and Chief Executive Officer of The Toronto Sun Publishing Corporation from November 1992 to October 1996. He is a new nominee for election as a director of the Corporation. He is also a director of Astral Communications Inc., The Financial Post Company, Skydome Corporation and the Sun Media Corporation.

BCE Mobile Communications Inc. - common *100*

THE HONOURABLE EDWARD C. LUMLEY, P.C.,
of South Lancaster, Ontario, is Vice-Chairman of the Board of Nesbitt Burns Inc. He was Vice-Chairman of the Board of Burns Fry Limited from November 1990 to August 1994, and was also a former Chairman of the Board of Noranda Manufacturing Group Inc. He has served as a director of the Corporation since April 1995 and is a member of the Executive and the Audit Committees. He is also a director of Air Canada, Canadian National, Dollar-Thrifty Automobile Group, Magna International Inc. and Nesbitt Burns Inc.

BCE Mobile Communications Inc. - common *1,521*

LEONCE MONTAMBAULT,
of Sillery, Quebec, is a Company director. He is a former Chairman of the Board and Chief Executive Officer of Bell Canada. He has served as a director of the Corporation since July 1990 and is a member of the Audit and the Management Resources and Compensation Committees. He is also a director of the Groupe Sodisco-Howden Inc., the National Bank of Canada and the National Bank Life Insurance Company.

BCE Mobile Communications Inc. - common *1,191*
BCE Inc. - common *2,423*

JEAN C. MONTY, C.M.,
of Montreal, Quebec, is President and Chief Operating Officer of BCE Inc. and Chairman of the Board and Chief Executive Officer of Bell Canada. He was Vice-Chairman of the Board and Chief Executive Officer of Northern Telecom Limited from February 1997 to September 1997 and President and Chief Executive Officer of said corporation from March 1993 to January 1997. He has served as a director of the Corporation since October 1997 and is a member of the Executive and Audit Committees. He is also a director of BCE Inc., Bell Canada, Bell Canada International Inc., Northern Telecom Limited, Teleglobe Inc., Telesat Canada, Bank of Montreal, Cable & Wireless Communications plc, ICL plc and SNC-Lavalin Inc.

BCE Mobile Communications Inc. - common *5,000*
BCE Inc. - common *42,994*

* *Shareholdings include the approximate number of shares of the Corporation and of BCE Inc. (the holding body corporate) beneficially owned or over which control or direction is exercised by each such person. The shares listed may include shares owned by members of their immediate families, estates and family corporations and may include certain shares for which such directors have disclaimed beneficial ownership.*

Ronald W. Osborne, F.C.A.,
of Toronto, Ontario, is President and Chief Executive Officer of Ontario Hydro. He was President and Chief Executive Officer of Bell Canada from September 1997 to February 1998, President of BCE Inc. from May 1996 to August 1997 and Executive Vice-President and Chief Financial Officer of BCE Inc. from January 1995 to May 1996. Prior to joining the BCE group of companies, he was President and Chief Executive Officer of Maclean Hunter Limited from April 1986 to December 1994. He served as a director of the Corporation between April 1995 and November 1997, and is being proposed anew as nominee for election as a director of the Corporation. He is also a director of Noranda Inc., Sun Life Assurance Company of Canada and the Sun Media Corporation.

BCE Mobile Communications Inc. - common	*236*
BCE Inc. - common	*6,869*

John H. Panabaker, C.M.,
of Waterloo, Ontario, is a Company director. He is a former Chairman of the Board and Chief Executive Officer of The Mutual Life Assurance Company of Canada, and a former Chairman of the Board of the Canadian Life and Health Insurance Association. He has served as a director of the Corporation since July 1989 and is Chairman of the Management Resources and Compensation Committee. He is also a director of Bell Canada, Economical Mutual Insurance Company and its subsidiaries, and is a member of the Administrative Board of the McMaster Museum of Art.

BCE Mobile Communications Inc.- common	*337*
BCE Inc. - common	*2,600*

John D. Thompson,
of Town of Mount Royal, Quebec, is Deputy Chairman of the Board of Montreal Trustco Inc. He has served as a director of the Corporation since July 1992 and is a member of the Audit Committee. He is also a director of AXA - Boreal Insurance, Benvest Capital Inc., Domtar Inc., Shermag Inc., Transat A.T. Inc., the MacDonald Steward Foundation and St.Mary's Hospital Foundation.

BCE Mobile Communications Inc. - common	*521*
BCE Inc. - common	*2,002*

L.R. Wilson, O.C.,
of Montreal, Quebec, is Chairman of the Board and Chief Executive Officer of BCE Inc. He has served as a director of the Corporation since July 1992. He is Chairman of the Executive Committee and a member of the Management Resources and Compensation Committee. He is also a director of Bell Canada, Bell Canada International Inc., Northern Telecom Limited, Teleglobe Inc., CAE Inc., Chrysler Corporation and Tate & Lyle plc.

BCE Mobile Communications Inc. - common	*236*
BCE Inc. - common	*79,789*

appointment of auditors

Except where authority to vote in respect of the appointment of the auditors is withheld, the persons named in the enclosed form of proxy intend to vote the common shares represented thereby for the appointment of Deloitte & Touche, Chartered Accountants of Montreal, Quebec, as auditors of the Corporation, to hold office until the close of the next annual meeting or until their successors are appointed.

directors' and officers' remuneration

Report on Executive Compensation

Compensation Philosophy

The objective of the executive compensation policy is to assist in attracting and retaining executives, and in motivating them to achieve performance objectives consistent with creating shareholder value and advancing BCE Mobile's success.

The compensation philosophy of BCE Mobile is to offer total compensation based on a comparator group composed of major Canadian corporations and of a few selected U.S. corporations. A substantial part of each senior executives' total compensation is contingent upon consolidated performance of the Corporation and its subsidiaries ("Corporate performance"), while non-senior executives' total compensation is contingent on Corporate performance and team objectives in the form of specific support unit or business unit indicators ("Team performance"). Included in total compensation is a long-term incentive program designed to motivate the attainment of longer-term objectives and to ensure reasonable opportunities for capital accumulation based on added-value to the shareholders. This program is composed of two plans: a Performance Plan to focus on strategic goals in support of creation of added-value for shareholders and a Stock Option Plan to share directly in the creation of added value for the shareholders.

Composition of the Compensation Committee

The Management Resources and Compensation Committee ("MRCC") of the Board of Directors is responsible for the administration of the executive compensation policy. The MRCC makes recommendations with respect to executive compensation which are subject to approval by the Board of Directors.

The current members of the MRCC are J.V. Raymond Cyr, Leonce Montambault, John H. Panabaker and L.R. Wilson. The chairman is John H. Panabaker.

As a corporate practice, the chairman and chief executive officer of the Corporation, currently Mr. Ferchat, and the president and chief operating officer, currently Mr. Reynolds, attend MRCC meetings except when matters pertaining to them are discussed.

No members of the MRCC are employed by the Corporation or its subsidiaries, and no member is a former officer or employee of the Corporation or its subsidiaries, except Mr. Cyr who served as non-executive chairman from July 1992 to April 1993. None of the Corporation's executive officers are on the board of directors of those corporations employing Messrs. Cyr and Wilson. None of the Corporation's executive officers serve as members of the compensation committees of other corporations.

Some of the members of the MRCC are directors, officers or employees of various corporations, some of which have had significant business transactions with BCE Mobile during 1997 (specifically Bell Canada and Northern Telecom Limited). These transactions were in the normal course of business and are disclosed in note 21 to the financial statements in the Corporation's annual report. The MRCC met six times in 1997.

Executive Compensation Policy

The BCE Mobile executive compensation policy was developed in support of the following objectives:

- pay for performance;
- emphasize both annual and longer-term results;
- align executive and shareholder interests;
- be internally equitable, reflecting levels of responsibility, enabling BCE Mobile to attract and retain the human resources required; and
- meet future staffing needs.

The policy provides for the following elements:

- cash compensation based on competitive rates; this cash compensation is comprised of salary and an annual short-term incentive award;
- long-term incentive program, in the form of a performance plan and a stock option plan;
- a benefit package, to provide adequate coverage for the executive and his/her family in case of sickness, disability, retirement or death; and
- a perquisites package providing some flexibility for specific personal and financial needs.

The MRCC reviews BCE Mobile's executive compensation policy from time to time using internal and external advisors, to ensure its continued effectiveness in meeting the above objectives.

Total Compensation

Total compensation is compared to a group of 28 corporations selected on the basis of characteristics such as innovation and creativeness, strong customer focus, market-driven, selling business solutions, high level of growth, as well as revenue size. The MRCC reviews the composition of the comparator group and the positioning within this group from time to time to ensure continued appropriateness.

Total compensation levels are set to both the marketplace (to ensure competitiveness) and the responsibility of each position (to ensure internal equity). At target performance, total compensation is projected to be above the median level of the comparator group.

Cash Compensation

SALARY

All officer positions in the Corporation and its subsidiaries are compared to positions in the comparator group that have equivalent roles and responsibilities. The data collected are then analyzed to arrive at a market evaluation for each position. Market evaluation results are then used to determine salary mid-points.

(NOTE: The salary mid-point is commonly employed compensation terminology and is the salary midway between the minimum and maximum rates of a salary range, normally 100 per cent in a range of 80 per cent to 120 per cent.)

The Corporation's salary mid-points are positioned around the median of the comparator group. For salary administration purposes, the executive positions of comparable value are regrouped in common salary ranges. The actual salaries of individual officers are in the range of 80 per cent to 120 per cent of the salary mid-point of their respective salary ranges.

ANNUAL SHORT-TERM INCENTIVE (ANNUAL BONUS)

In 1997, annual short-term incentive (annual bonus) awards for senior executives were solely based on meeting Corporate objectives relative to quantifiable financial targets, while non-senior executives' awards were based on quantifiable financial targets and, subordinate to such Corporate performance, team objectives in the form of specific support unit or business unit indicators. At target performance, bonuses for senior executives range from 35 per cent to 50 per cent (depending on the position of the incumbent) of actual salary while bonuses for non-senior executives are 30 per cent of actual salary.

Corporate performance and team contribution will vary from year to year. Accordingly, the MRCC retains the power to recommend payment awards above or below the potential target percentages.

Corporate performance is typically determined by weighing how well the Corporation met objectives established by the Board of Directors early in the performance year. For example, the Corporate objectives for 1997 were approved at the January 24, 1997 Board meeting and included quantifiable financial targets such as consolidated net income for the Corporation. A set of clearly established team objectives is also established early in the year and may include, for example, internal service levels expectations relative to required expenditures.

Short-term incentive (annual bonus) awards are payable in cash.

In keeping with these policies, the MRCC has recommended the payment of annual bonuses for 1997, as Corporate objectives relative to quantifiable financial targets attained stretch performance and team objectives were met or substantially met.

Long-Term Incentive Program

PERFORMANCE PLAN

The purposes of the plan are (i) to reward officers and other key employees of the Corporation or its subsidiaries ("Key Employees") for the achievement of strategic business goals in support of the creation of added-value for the shareholders of the Corporation, (ii) to provide Key Employees with potential capital accumulation for retirement, and (iii) to promote proprietary interest in BCE Mobile. The following is a summary of the terms of the performance plan.

Subject to the approval of the Board of Directors, the MRCC recommends annually or from time to time the Key Employees who may be granted performance units and the total number of units covered by such grant. The performance units are granted for a performance period of three (3) years.

The actual number of performance units granted are determined by multiplying the Key Employee's actual salary by fifteen percent (15%) and dividing this amount by the Stock Price. "Stock Price" means 100% of the average of the daily high and low board lot trading prices on The Toronto Stock Exchange and The Montreal Exchange for each of the five (5) trading days immediately preceding the date of grant.

At the beginning of a performance period, the CEO recommends to the MRCC for approval performance objectives to be attained during said period. Performance units earned by a Key Employee will be determined at the end of a performance period by multiplying performance units granted by a performance factor. Performance factors are established to correspond to the three (3) levels of performance defined as follows:

- threshold level, corresponding to the minimum acceptable level of performance, which equals a performance factor of zero (0);
- target level, meaning that the objectives have been met in full, which equals a performance factor of one (1); and
- exceptional level, meaning that the objectives have been exceeded substantially, which equals a performance factor of two (2).

In the event of reassignment, death during the first year of a performance period, disability or retirement, transfer within the BCE Inc. group of corporations or termination of employment for any other cause, all performance units granted but not yet earned are forfeited. The MRCC has the discretion in circumstances it considers appropriate to modify the rules relating to the forfeiting, accruing and payment of units.

All performance units earned are paid upon termination of employment in accordance with the terms of the plan: as soon as possible, in the case of death or normal retirement; and after a period of twelve (12) to twenty-four (24) months in the case of early retirement, transfer within the BCE Inc. group of corporations or in the case of termination of employment for any other cause.

The payment of performance units earned is equal to the number of such units times the Stock Price on the day of payment. At the option of the Key Employee, payment may be made as follows:

- one hundred percent (100%) of the value of performance units earned are paid in common shares of BCE Mobile, on the basis of one common share for each unit; or
- fifty percent (50%) of the value of performance units earned are paid in cash and fifty percent (50%) of such units will be paid in common shares of BCE Mobile, on the basis of one common share for each unit.

Performance units are not assignable.

The Corporation is currently re-evaluating its Performance Plan.

1995 STOCK OPTION PLAN

The purpose of the Corporation's 1995 Stock Option Plan is to allow Key Employees to share directly in the creation of added-value for the shareholders. The following is a summary of the terms of the plan.

Subject to the approval of the Board of Directors, the CEO recommends to the MRCC, every three (3) years or from time to time, the Key Employees who may be eligible for grants of stock options and the total number of stock options eligible to be granted to each such Key Employee.

The value of the stock options eligible to be granted is determined by the MRCC considering the position of the incumbent, his/her impact on results, individual performance, potential, and the period of time elapsed since the last determination of stock options eligible for grants.

Stock options eligible to be granted to Key Employees are established based on a percentage of their actual salary. In accordance with current guidelines, target allocation levels usually range from 50 per cent to 300 per cent (depending on the position of the incumbent) of actual salary, at the date of determination of the actual number of stock options eligible for grants (the "Determination Date").

The actual number of stock options eligible to be granted is determined by dividing an amount, equal to a percentage of the Key Employee's actual salary, by the Stock Price. "Stock Price" means 100% of the average of the daily high and low board lot trading prices on The Toronto Stock Exchange and The Montreal Exchange for each of the five (5) trading days immediately preceding the Determination Date.

The MRCC recommends every year or from time to time that options eligible for grants be granted along with the number of common shares which it recommends be issuable pursuant to each such grant, subject to approval by the Board of Directors. Options are to be granted in the following manner:

- 1/3 of the total number of options eligible may be granted around the Determination Date;
- 1/3 of the total number of options eligible may be granted around the first anniversary date following the Determination Date; and
- 1/3 of the total number of options eligible may be granted around the second anniversary date following the Determination Date.

The Exercise Price for options granted is determined on each of the grant dates. "Exercise Price" means 100% of the average of the daily high and low board lot trading prices on The Toronto Stock Exchange and The Montreal Exchange for each of the five (5) trading days immediately preceding the grant date.

The right to exercise options granted accrues on the third anniversary date following a grant date. The option period begins on such third anniversary date and terminates four years later.

In the event of alterations to the capital stock of the Corporation (such as a share split), an equitable adjustment will be made by the Board of Directors of the Corporation in the number or kind of shares covered by outstanding options under the plan and in the Exercise Price of such options.

Upon retirement, death or transfer of the optionee within the BCE Inc. group of corporations, unless otherwise approved by the MRCC:

- the option period for options outstanding at the time of retirement or death for which the right to exercise had accrued terminates twelve (12) months after the date of retirement or death; and
- upon a transfer within the BCE Inc. group of corporations, the optionee only has the right to exercise the options outstanding at the time of transfer for which the right to exercise had accrued, but only for as long as the optionee remains in the employment of a company within the BCE Inc. group of corporations.

If an optionee's employment terminates for any cause other than retirement, death or transfer within the BCE Inc. group of corporations, the option period for options then outstanding terminates on the date of termination of employment. The MRCC has the discretion in circumstances which it considers appropriate to extend the option period.

The maximum number of common shares authorized for issuance at any time under the plan, pursuant to options granted to Key Employees, inclusive of options granted under previous plans, is 750,000. Options are not assignable.

On February 23, 1998, the MRCC decided to recommend that certain Key Employees of the Corporation and its subsidiaries be eligible for grants of stock options and that options eligible for grants be granted to each such Key Employee.

The Chief Executive Officer's Compensation

SALARY

The CEO's 1997 base salary was administered within a minimum - mid-point- maximum range of $236,800 - $296,000 - $355,200.

The Board of Directors confirmed Mr. Ferchat's 1997 base salary at $325,000, effective March 1, 1997.

ANNUAL SHORT-TERM INCENTIVE (ANNUAL BONUS)

At target performance, the CEO was eligible to receive an annual bonus equal to 50 per cent of his actual salary. At stretch performance, the bonus could reach 100 per cent of his actual salary.

Within the policy guidelines, the MRCC recommended and the Board of Directors approved a bonus award of $320,674 to Mr. Ferchat for his contributions as CEO for 1997. This represents 100% of his actual salary of $320,674 . The level of the award reflects the fact that the Corporation attained stretch performance on all of its financial targets in 1997.

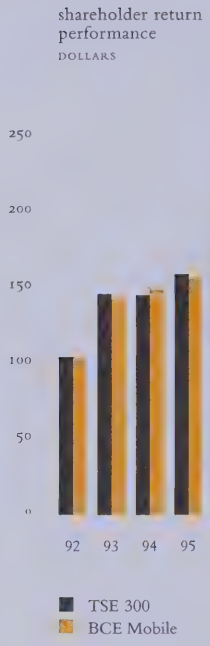
LONG-TERM INCENTIVE (PERFORMANCE UNITS AND STOCK OPTIONS)

Under the Corporation's Performance Plan, the CEO may be granted performance units in accordance with the terms of the plan. Under the Corporation's 1995 Stock Option Plan, the CEO's target stock option allocation as per corporate policy is 300 per cent of actual salary, which allocation may be granted in accordance with the terms of the plan.

Upon his hiring by the Corporation, Mr. Ferchat was awarded 40,000 stock options on December 20, 1994 at an exercise price of $43.21 under the terms of the Corporation's previous stock option plan. These stock options gradually accrue over a period of three (3) years at a rate of 25% on each of the date of grant and the first, second and third anniversary of said date of grant, and must be exercised within five years of such date of grant. The exercise price represents 100% of the average of the closing of the Corporation's common shares on The Toronto Stock Exchange and The Montreal Exchange for the last five (5) trading days prior to the date set by the Board of Directors for such award. On January 26, 1998, the MRCC agreed to extend the exercise period for such stock options to December 20, 2001, in accordance with the terms of the Corporation's previous stock option plan.

Report presented by:

J.H. Panabaker, *Chairman*	L. Montambault
J.V.R. Cyr	L.R. Wilson



Shareholder Return Performance Graph

This graph compares the cumulative total shareholder return on the Corporation's common shares against the cumulative total shareholder return of the TSE 300 Composite Index for the five-year period commencing December 31, 1992, and ending December 31, 1997*.

Compensatory Arrangements

As a general rule, senior executives from within the BCE Mobile group of companies have no employment contracts for a fixed term. However, typically those hired mid-career from outside the BCE Mobile group of companies are engaged on the basis of an offer of employment which for the most part deals with transitional payments, severance arrangements or special pension arrangements.

Pursuant to the terms and conditions of Mr. Ferchat's employment, the Corporation has agreed to enter into a special executive retirement agreement for his benefit. Under this agreement, Mr. Ferchat will receive a deferred pension. The annual amount of the deferred pension is $10,000 for each year of service with BCE Mobile. The deferred pension is payable starting at age 70, with a 60% survivor option. Under the revised terms of his employment agreement, Mr. Ferchat may receive payment of his deferred pension starting at age 65 or 68, upon the occurrence of certain events. Furthermore, Mr. Ferchat is entitled to receive a lump sum payment in case of termination of employment up to a maximum of two years' base salary.

Pursuant to the terms and conditions of Mr. Lovie's and Mr. Robitaille's employment, the Corporation has agreed to pay Mr. Lovie and Mr. Robitaille one-time fixed transitional payments in order to compensate each of them for their respective loss of salary, bonus and other entitlements incurred pursuant to leaving their previous employment to join the Corporation.

Executive Compensation

Summary of Compensation

The following summary compensation table sets forth all annual, long-term and other compensation for each of the individuals who, at December 31, 1997, were the chief executive officer and the four other most highly compensated executive officers of the Corporation. The table also includes an individual who would have been one of the four most highly compensated executive officers but for the fact that he resigned during the year. The table covers compensation for these individuals' services to the Corporation and its subsidiaries in all capacities for the financial years ended December 31, 1997, 1996 and 1995. Those listed on the table are hereinafter referred to as the "named executive officers."

* *Assumes that the initial value of the investment in the Corporation's common shares and in the TSE 300 Composite Index was $100 on December 31, 1992, and that all subsequent dividends were reinvested. All prices for the Corporation's common shares were taken from The Toronto Stock Exchange's records.*

Summary Compensation Table

name and principal position	annual compensation				long-term compensation			
					awards		payouts	
	year	salary ($)	bonus ($)	other annual compensation ($)	securities under options granted (number)	restricted shares or restricted share units ($)	LTIP payouts ($)	all other compensation ($)
(a) (1)	(b)	(c)	(d) (2)	(e)	(f) (4)	(g)	(h)	(i) (5)
R.A. Ferchat Chairman & CEO	1997	320,674	320,674	(3)	–	N/A	0	0
	1996	298,310	189,725	(3)	–	N/A	0	0
	1995	290,000	180,670	(3)	–	N/A	0	0
J.S. Lovie Senior Vice-President, Sales, Marketing and Distribution	1997	182,481	127,736	(3)	2,127	N/A	0	8,352
	1996	167,308	77,698	25,000	11,627	N/A	0	98,650
	1995	77,885	43,675	(3)	1,627	N/A	0	0
R.J. Reynolds President and COO	1997	169,923	118,946	(3)	3,257	N/A	0	6,460
	1996	145,194	66,934	25,000	11,257	N/A	0	0
	1995	114,385	47,676	20,000	1,257	N/A	0	0
P.G. Robitaille Senior Vice-President, Organizational Effectiveness	1997	160,001	112,000	(3)	2,134	N/A	0	0
	1996	155,770	67,760	25,000	11,884	N/A	0	118,000
	1995	25,962	33,100	(3)	1,884	N/A	0	0
J.R. Cole Senior Vice-President, Customer Services	1997	152,481	106,736	(3)	1,366	N/A	0	7,031
	1996	145,770	68,804	25,000	11,366	N/A	0	0
	1995	133,646	41,720	20,000	1,366	N/A	0	0
P.N. Lessard Senior Vice-President, Administration (resigned Nov. 30, 1997)	1997	156,924	119,700	(3)	1,734	N/A	0	8,923
	1996	168,309	70,016	25,000	11,734	N/A	0	0
	1995	160,000	70,560	(3)	1,734	N/A	0	0

N/A: Not applicable

(1) *Mr. Reynolds became President and COO of the Corporation on January 26, 1998. Prior to this appointment, he had been Senior Vice-President, Market and Network Development of the Corporation since July 22, 1996.*

Mr. Lovie and Mr. Robitaille joined the Corporation on June 26, 1995 and November 1, 1995, respectively and were appointed to their present position on July 22, 1996.

Mr. Lessard resigned as Senior Vice-President, Administration of the Corporation on November 30, 1997, to become Vice-President and Treasurer of BCE Inc.

(2) *Bonus amounts are paid in the consecutive year (i.e. the bonus earned in 1997 is paid in 1998).*

For 1995, bonus amounts paid to Mr. Lovie and Mr. Robitaille were pro rated to reflect the number of months each named executive officer was with the Corporation. The bonus amount paid to Mr. Lessard for 1997 is for the full year.

(3) *Perquisites and other personal benefits for named executive officers. Perquisites and other personal benefits need not be disclosed if the aggregate amount is less than the lesser of $50,000 and 10 per cent of the total of the annual salary and bonus of the named executive officer for the financial year.*

(4) *Options granted in each of the last three years under the Corporation's 1995 Stock Option Plan. Each named executive officer received a special grant of 10,000 options in 1996 pursuant to the reorganization of the senior management team which increased their responsibilities, with the exception of Mr. Ferchat who was not eligible to receive options under the Corporation's 1995 Stock Option Plan pursuant to the terms of his employment with the Corporation.*

Pursuant to the terms of Mr. Lessard's transfer to BCE Inc., the options granted to Mr. Lessard will continue to vest and be exercisable in accordance with the terms of the Corporation's 1995 Stock Option Plan, as long as he remains in the employment of the BCE Inc. group of companies.

(5) *For 1997, "All Other Compensation" relate to the value, at December 31, 1997, of performance units earned for the 1995-1997 period under the Corporation's Performance Plan. Units earned are paid upon termination of employment. The value of the units earned will be equal to such number of units multiplied by the Stock Price, on the date of payment. For 1996, "All Other Compensation" relate to Compensatory Arrangements described herein.*

Performance Unit Grants in Last Financial Year

The following table sets forth performance units granted under the Corporation's Performance Plan during the financial year ended December 31, 1997 to each of the named executive officers:

Performance Unit Grants During the Most Recently Completed Financial Year

name	securities, units or other right	performance or other period until maturation or payout	estimated future payouts under non-securities price-based plans		
			threshold	target	maximum
	(#)		($ or #)	($ or #)	($ or #)
(a)	(b) (1)	(c) (2)	(d)	(e)	(f)
R.A. Ferchat	–	–	N/A	N/A	N/A
J.S. Lovie	611	Jan. 1, 2000	N/A	N/A	N/A
R.J. Reynolds	595	Jan. 1, 2000	N/A	N/A	N/A
P.G. Robitaille	528	Jan. 1, 2000	N/A	N/A	N/A
J.R. Cole	512	Jan. 1, 2000	N/A	N/A	N/A
P.N. Lessard	561	Jan. 1, 2000	N/A	N/A	N/A

N/A: Not applicable

(1) *The determination of the actual number of performance units granted is made by multiplying the named executive officer's actual salary by 15% and dividing this amount by the Stock Price. "Stock Price" means 100% of the average of the daily high and low board lot trading prices on The Toronto Stock Exchange and The Montreal Stock Exchange for each of the five (5) trading days immediately preceding the date set by the Board of Directors for the award of such units. At the end of a performance period, performance units will be earned by multiplying the performance units granted by a performance factor. Performance factors correspond to the following three (3) levels of performance: (i) threshold level, which equals a performance level of zero (0), (ii) target level, which equals a performance level of one (1), and (iii) exceptional level, which equals a performance level of two(2). Performance units earned are paid upon termination of employment. The value of performance units will be equal to the number of units earned multiplied by the Stock Price on the date of payment. At the option of the named executive officer, payment may be made in common shares for each unit earned (on a one for one basis), for all and not less them all of the units earned, or in cash for half of the units earned and in common shares for the other half of the units earned.*

Mr. Ferchat is not eligible to receive units under the Corporation's Performance Plan pursuant to the terms of his employment with the Corporation.

Pursuant to the terms of Mr. Lessard's transfer to BCE Inc., one-third of the performance units granted to Mr. Lessard in 1997 were multiplied by a performance factor of two (2) and declared earned, to recognize Mr. Lessard's contribution to the Corporation in attaining stretch performance on its financial targets in 1997.

(2) *Performance units are granted for a performance period of three (3) calendar years and units earned are paid upon termination of employment.*

Stock Option Grant in Last Financial Year

The following table sets forth stock options granted under the Corporation's 1995 Stock Option Plan during the financial year ended December 31, 1997 to each of the named executive officers:

Option Grants During the Most Recently Completed Financial Year

name (a) (1)	securities under options granted (number) (b) (2)	% of total options granted to employees in financial year (c)	exercise or base price ($/security) (d)	market value of securities underlying options on the date of grant ($/security) (e)	expiration date (f)
R.A. Ferchat	–	–	–	–	–
J.S. Lovie	1,627 500	4% 1%	$ 42.380 $ 45.415	$ 42.600 $ 46.325	Feb. 21, 2004 Jul. 21, 2004
R.J. Reynolds	1,257 2,000	3% 5%	$ 42.380 $ 45.415	$ 42.600 $ 46.325	Feb. 21, 2004 Jul. 21, 2004
P.G. Robitaille	1,884 250	4% 0.5%	$ 42.380 $ 45.415	$ 42.600 $ 46.325	Feb. 21, 2004 Jul. 21, 2004
J.R. Cole	1,336	3%	$ 42.380	$ 42.600	Feb. 21, 2004
P.N. Lessard	1,734	4%	$ 42.380	$ 42.600	Feb. 21, 2004

(1) *Stock options were granted to Messrs Lovie, Reynolds and Robitaille on February 21, 1997 and July 21, 1997, and to Messrs Cole and Lessard on February 21, 1997. Mr. Ferchat was not eligible to receive stock options under the Corporation's 1995 Stock Option Plan pursuant to the terms of his employment with the Corporation.*

Pursuant to the terms of Mr. Lessard's transfer to BCE Inc., the options granted to Mr. Lessard in 1997 will continue to vest and be exercisable in accordance with the terms of the Corporation's 1995 Stock Option Plan, as long as he remains in the employment of the BCE Inc. group of companies.

(2) *The actual number of stock options eligible to be granted on a given date is calculated by dividing an amount, equal to a percentage of the named executive officer's actual salary, by the Stock Price (the "Determination Date"). "Stock Price" means 100% of the average of the daily high and low board lot trading prices on The Toronto Stock Exchange and The Montreal Exchange for each of the five (5) trading days immediately preceding the date set by the Board of Directors for the award of such options. Options may be granted over a period of three (3) years at a rate of 33 per cent on each of the Determination Date and the first and second anniversary of said Determination Date. The Exercise Price for options granted is determined on each of the grant dates. "Exercise Price" means 100% of the average of the daily high and low board lot trading prices on The Toronto Stock Exchange and The Montreal Exchange for each of the five (5) trading days immediately preceding the grant date. Stock options granted under the Corporation's 1995 Stock Option Plan only vest three (3) years after the date of grant and must be exercised within four (4) years of the date of vesting.*

Stock Option Exercises in Last Financial Year and Financial Year-End Option Values

The following table sets forth details of all exercises of stock options by each of the named executive officers during the financial year ended December 31, 1997, and the financial year-end value of unexercised options on an aggregated basis:

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values

name (a)	securities acquired on exercise (number) (b)	aggregate value realized ($) (c)	unexercised options at financial year-end (number) (d) (1)		value of unexercised "in-the-money" options at financial year-end ($) (e) (2)	
			exercisable	unexercisable	exercisable	unexercisable
R.A. Ferchat	–	–	40,000	0	$ 0	$ 0
J.S. Lovie	–	–	0	15,381	$ 0	$ 0
R.J. Reynolds	2,106	$ 27,747	1,214	15,771	$ 0	$ 0
P.G. Robitaille	–	–	0	15,902	$ 0	$ 0
J.R. Cole	1,381	$ 14,362	0	14,098	$ 0	$ 0
P.N. Lessard	3,033	$ 42,538	2,007	15,202	$ 0	$ 0

(1) Outstanding options at year-end represent options awarded under the Corporation's 1995 Stock Option Plan and previous plan.

(2) Value of unexercised "in-the-money" options calculated using the average of the closing price of the Corporation's common shares on The Toronto Stock Exchange and The Montreal Exchange on December 31, 1997, less the exercise price of "in-the-money" options.*

* *NOTE: Options are considered to be "in-the-money" at financial year-end if the market value of the underlying securities on that date exceeds the exercise price of the option.*

Pension Plan

Named executive officers of the Corporation participate in the non-contributory BCE Mobile Pension Plan (the "Pension Plan").

The following describes the pensions payable to named executive officers under the Pension Plan and pursuant to subsequent pension arrangements adopted by the Management Resources and Compensation Committee ("MRCC") of the Board of Directors:

(a) Pensions payable under the Pension Plan are based on pensionable service and the average of the best consecutive 60 months of pensionable earnings.

(b) Pensionable earnings include salary and bonuses. The bonus component is subject to a maximum limit. Annualized pensionable earnings for 1997 are as follows:

J.S. Lovie	$246,375	J.R. Cole	$205,875
R.J. Reynolds	$229,500	P.N. Lessard	$230,985
P.G. Robitaille	$216,000		

(c) For purposes of computing their total retirement benefit, as of January 1, 1998, Mr. Lovie had 2.5 years of credited service, Mr. Reynolds 23.3 years, Mr. Robitaille, 2.2 years, Mr. Cole 37.4 years and Mr. Lessard 18.0 years. Messrs Reynolds's, Cole's and Lessard's years of credited service include years of service which had been accumulated with affiliates of the Corporation, as said years were adjusted upon their hiring by the Corporation.

(d) The following table shows estimated annual pension benefits payable upon retirement on December 31, 1997, at age 65, to named executive officers in specified earnings and service classifications under the Pension Plan and subsequent pension arrangements adopted by the MRCC.

earnings	credited service years				
	10	20	30	40	50
$ 200,000	$ 31,500	$ 63,000	$ 94,500	$ 126,000	$ 157,500
$ 250,000	$ 40,000	$ 80,000	$ 120,000	$ 160,000	$ 200,000
$ 300,000	$ 48,500	$ 97,000	$ 145,500	$ 194,000	$ 242,500
$ 350,000	$ 57,000	$ 114,000	$ 171,000	$ 228,000	$ 285,000

Benefits shown above reflect payments in excess of the Revenue Canada maximum pensions payable from a registered pension plan ($1,722 per year of pensionable service) pursuant to pension arrangements adopted by the MRCC. Benefits are not subject to any deductions for government benefits or other offset amounts and are partially indexed annually to increase in the Consumer Price Index but in no case can indexation exceed 2 per cent.

Mr. Ferchat does not participate in the Pension Plan (see "Compensatory Arrangements" for a description of Mr. Ferchat's pension benefits). In addition, certain executive officers of theCorporation (including certain officers no longer employed by the Corporation) have entered into supplementary executive retirement agreements ("SERP's") for their benefit, in accordance with the terms described hereinafter.

The typical SERP includes the following five key items:

(i) payments in excess of the Revenue Canada maximum pensions payable from a registered pension plan ($1,722 per year of pensionable service);

(ii) an additional one-half year of pensionable service credit for each year of service as an officer of the Corporation;

(iii) the pension is calculated on the basis of the best consecutive 36 months of pensionable earnings (base salary plus the lesser of actual or target bonus), as compared to the best consecutive 60 months under the Corporation's basic Pension Plan;

(iv) pensions are delivered on a "single-life" basis with a spousal survivor benefit entitlement of approximately 60 per cent;

(v) a retirement allowance equal to one year's base salary at time of retirement (this amount is not included in computing an officer's pensionable earnings); and

(vi) in no case may an officer receive under the basic Pension Plan and the SERP combined an annual aggregate pension benefit from the Corporation and its affiliated companies in excess of 70 per cent of pensionable earnings.

Indebtedness of Management

No director, executive officer or senior officer of the Corporation and proposed nominee for election as a director of the Corporation is indebted to the Corporation or its subsidiaries, or has indebtedness which has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement from the Corporation or its subsidiaries.

Compensation of Directors

Each director who is not a salaried officer of the Corporation or of BCE Inc. is entitled to be paid $8,000 per annum for services as a director (the "Annual Retainer") and is awarded one hundred (100) common shares of the Corporation to be registered in their respective names. Each director who is not a salaried officer of the Corporation or of BCE Inc. may elect to receive payment of all or part of the Annual Retainer in common shares of the Corporation. Furthermore, each director who is not a salaried officer of the Corporation or of BCE Inc. is entitled to be paid $3,000 per annum per committee for services as a member of any standing committee of the Board and $3,000 per annum for services as chairman of any standing committee of the Board. In all cases, the directors who are not salaried officers of the Corporation or of BCE Inc. are entitled to an attendance fee of $750 per meeting. All directors are entitled to reimbursement of their expenses. The remuneration provided above is paid quarterly, in arrears. Additional special remuneration may be paid to a director undertaking any special services beyond those ordinarily required of a director by the Corporation; no such remuneration was paid during 1997.

statement of corporate governance practices

The Board of Directors and senior management of BCE Mobile consider proper corporate governance to be central to the effective and efficient operations of the Corporation.

The Board of Directors considered the corporate governance guidelines adopted in 1995 by both The Toronto Stock Exchange and The Montreal Exchange (the "Guidelines") and believes that it is in alignment therewith. The following describes BCE Mobile's corporate governance practices.

Recent Changes to Corporate Governance Practices

In January 1998, the Corporation restructured the Office of the Chief Executive Officer ("Office of the CEO") by appointing a President and Chief Operating Officer. The Office of the CEO consists of five senior executives reporting to the Chief Executive Officer and having responsibility for developing and managing the key strategies and operational functions of the Corporation. The President and Chief Operating Officer is a member of the Office of the CEO and his primary focus will be to increase the efficiency and effectiveness of the Corporation's operational functions. To this end, the President and Chief Operating Officer will retain responsibility for the market and network development function while the senior executive responsible for the sales, marketing and distribution function, on the one hand, and for the customer services function, on the other, will report directly to him.

Mandate of the Board of Directors

The Board of Directors has the responsibility to oversee the conduct of the business of the Corporation and to supervise management which is responsible for the day-to-day conduct of such business.

The Board has established an administrative procedure which prescribes rules governing the approval of transactions carried out by the Corporation, the delegation of authority and the execution of documents on behalf of the Corporation. For instance, prior Board review and approval is required for approval of financial statements, operational budgets and capital expenditures, raising capital and other major financial activities, senior executives' hiring and compensation, organizational restructuring and acquisitions and divestitures.

To carry on such responsibilities in an efficient manner, the Board meets periodically (at least, on a quarterly basis) in accordance with a pre-determined schedule which is prepared at the end of every year, for the upcoming year. This allows the Board to timely perform certain functions prescribed by law (for example, adopting interim and year-end financial statements) and consider significant issues facing the Corporation.

The necessary information provided by management and required by the Board of Directors to effectively carry on its responsibilities will usually be vetted through specific committees of the Board (as described hereinafter) which ensure that the information provided to directors is accurate and adequate.

In order to fulfil its mandate, the Board assumes the following principal responsibilities:

Adoption of a strategic planning process

The Board oversees the strategic planning process of the Corporation and approves BCE Mobile's strategic direction. Within these parameters, the Office of the CEO is responsible for communicating its view as to corporate strategies and long-term goals for discussion by the directors. Strategic planning includes financial, business and technology planning, investments and strategic alliances, human resources staffing and development, and legal, regulatory and corporate affairs. The directors, at their regular meetings, monitor the progress of the Corporation and evaluate management's success in implementing BCE Mobile's strategic direction.

Identification and monitoring of the principal risks of the business

The Board monitors the principal risks associated with the Corporation's businesses with the view of ensuring the long-term viability of BCE Mobile and enhancing shareholder value. Through its operating units, BCE Mobile carries on business in a technology driven industry where significant efforts must be concentrated on new wireless technologies, markets and products to allow the Corporation to retain its competitive edge. Decisions must therefore be taken to ensure a proper balance between the principal risks incurred in developing and expanding the Corporation's businesses and the potential return for the shareholders. The Office of the CEO is responsible for identifying the principal risks of the Corporation's businesses in order to adequately develop BCE Mobile's proposed strategic direction for approval by the Board.

Appointment and success of senior management

Corporate officers are elected by the Board of Directors, upon recommendation by the Management Resources and Compensation Committee. Operating officers are appointed by the Chief Executive Officer. Guidelines on succession planning have been developed to ensure that succession of senior management is dealt with in orderly fashion by the Corporation.

As for the success of senior management, the executive compensation policy adopted by the Board of Directors is based on motivating senior management to achieve corporate objectives consistent with ensuring BCE Mobile's long-term viability and enhancing shareholder value (For further information, refer to the "Report on Executive Compensation").

At the beginning of each calendar year, the Chief Executive Officer recommends to the Management Resources and Compensation Committee performance objectives to be attained by senior management during such year. These objectives are monitored by the Management Resources and Compensation Committee. Furthermore, each senior executive is evaluated by the Chief Executive Officer on an annual basis and meets with the CEO on a semi-annual basis to ensure performance objectives are on track and will be attained.

Each year, the Board of Directors establishes written objectives for the Chief Executive Officer, including those dealing with maximizing shareholder value and improving the quality of interaction between management and the Board of Directors. The Board also reviews the performance of the Chief Executive Officer on an annual basis.

Implementation of a Communication policy

The Board of Directors monitors management's implementation of an effective and efficient communication policy. The Corporate Communications group ensures that a coherent, positive image of the Corporation is projected to its employees, customers, shareholders, governmental and regulatory agencies, the telecommunications industry and the public in general. Procedures for receiving feedback from shareholders have also been developed. Furthermore, BCE Mobile's Director of Investor Relations ensures appropriate financial information is provided on an on-going basis to the shareholders of the Corporation.

Adoption of internal control and management systems

In discharging its obligations, the Board of Directors must have access to timely, accurate and adequate information. Management is responsible for gathering and submitting such information. Through direct meetings with management and the attendance of representatives of management at its meetings, the Board of Directors judges the quality of the information made available to it. The Board of Directors also periodically reviews internal control systems in place, to assist it in monitoring the Corporation's performance, by requesting comprehensive audits of particular aspects of corporate operations. These procedures will allow the Board to satisfy itself concerning the effectiveness and efficiency of the day-to-day operations of the Corporation's businesses and other aspects of management's activities which the Board itself cannot realistically be expected to actively control and manage. Furthermore, committees of the Board of Directors are mandated to ensure that particular aspects of corporate operations are being run responsibly (for example, the Audit Committee deals with the integrity of the financial information and reviews other financial control systems).

Composition of the Board of Directors

The Guidelines emphasize the importance of the composition and independence of boards of directors. An "unrelated" director, under the Guidelines, is a director who is free from any interest and any business or other interest which could, or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Corporation, other than interests arising from shareholdings. The Guidelines also make an informal distinction between outside and inside directors. An outside director is a director who is not an officer or employee of a corporation or any of its subsidiaries.

The Board of Directors of BCE Mobile is presently composed of nine (9) directors, all of whom are unrelated and outside directors except for Mr. Ferchat, who is a related and inside director by virtue of being the Chairman and CEO of the Corporation, and for Mr. Monty, who is a related director by virtue of being the principal officer of Bell Canada, a major supplier of telecommunications services to the Corporation. Four (4) of the nine (9) directors are unrelated by virtue of the exception excluding directors who have a relationship with the Corporation's significant shareholder, BCE Inc.

In addition to a majority of unrelated directors, the Board of Directors should also include as set forth in the Guidelines a number of directors who do not have interests in, or relationships with, either the Corporation or its significant shareholder and which fairly reflects the investment of minority shareholders. BCE Mobile meets this recommendation as three (3) directors, Messrs Lumley, Montambault and Thompson, have no relationship with either BCE Mobile or BCE Inc. and that such representation also fairly reflects the investment of shareholders other than BCE Inc., which holds 65.3% of the outstanding shares of the Corporation.

The Corporation is of the view that the current size of the Board is effective and that it has a sufficient range of expertise and experience to efficiently monitor the Corporation's performance and implementation of its corporate strategies.

Independence of the Board

The Guidelines have recommended that the functions of Chairman and Chief Executive Officer be separated as a board of directors must be in a position to exercise its judgement and assume its responsibilities independent of the influence of management. The Board of BCE Mobile does not have a chair separate from management and it presently does not intend to separate the functions of the Chairman and Chief Executive Officer.

BCE Mobile's Board of Directors feels it can function independently of management without separating the functions of Chairman and Chief Executive Officer, for the following reasons. The Chairman of BCE Mobile presides over Board meetings and ensures proper order. He does not act as the primary voice to articulate the directors' needs and feelings to management. In addition, committees of the Board play an active role in ensuring the Board fulfils its duties and responsibilities. The Chairman of each of the Audit Committee and Management Resources and Compensation Committee report on their activities at every Board meeting. The Chairman of BCE Mobile is not a member of either of those committees. Finally, the Board of Directors of BCE Mobile includes members who have a vast experience in the telecommunications industry. This enables the Board to exercise its judgement and assume its responsibilities independently of the influence of management.

Committees of the Board

In accordance with the Guidelines, committees of the board should be generally composed of outside directors, a majority of whom are unrelated directors, although some committees such as the executive committee may include one or more inside directors. The Guidelines also recommend that an audit committee be composed exclusively of outside directors. The Board of BCE Mobile has established three (3) committees: the Executive Committee, the Audit Committee and the Management Resources and Compensation Committee. All these committees are composed in accordance with the above-noted recommendations. Each committee is supported by a senior executive of the Corporation. These committees assist the Board of Directors in monitoring BCE Mobile's performance and in implementing its corporate strategies.

Executive Committee

The Executive Committee possesses and exercises, during the intervals between meetings of the Board of Directors, all powers of the Board in the stewardship and direction of the Corporation, except those which under law a committee of directors has no authority to exercise. In addition, the Executive Committee has specific responsibility for corporate governance matters of the Corporation. The Chairman of the Executive Committee acts as "lead director". The Executive Committee is supported by the General Counsel and Corporate Secretary of the Corporation.

Audit Committee

The Audit Committee's responsibilities are to review the Corporation's financial statements, consider the appointment of external auditors, and review internal control and management systems. The Committee also reviews the financial statements of the Corporation's pension fund and appoints its auditors, and recommends to the Board and monitors the implementation of the Corporation's policies and procedures on environmental matters. The Audit Committee has established direct communication channels with the internal and external auditors of the Corporation to review and discuss specific issues and is supported by the Senior Vice-President and Chief Financial Officer of the Corporation.

Management Resources and Compensation Committee

The Management Resources and Compensation Committee reviews, reports and, when appropriate, provides recommendations to the Board on the following matters: the Corporation's policies in the areas of employee compensation (including pension and other benefits), job evaluation, training and development, recruitment and staffing, employment equity and health and safety; management's performance and officers' remuneration, in accordance with the Corporation's executive compensation policy; and the administration, funding and investment policies of the Corporation's pension plan and fund. The Committee is supported by the Senior Vice-President, Organizational Effectiveness of the Corporation.

restrictions on issue, transfer and voting of shares

The issue and transfer of the voting shares of the Corporation are constrained by the Corporation's Articles. The constraints in the Corporation's Articles state, in effect, that the maximum aggregate holdings of voting shares of the Corporation by persons in the constrained class (as defined in the Articles) are limited to the extent necessary to ensure that the Corporation or any subsidiary of the Corporation continue to be eligible to operate as a telecommunications common carrier under the Telecommunications Act (Canada) and the Regulations thereunder (the "Telecom Act") or to be issued authorizations or to hold, obtain, maintain, renew or amend any license under the Telecom Act or the Radiocommunication Act (Canada) and the Regulations thereunder (the "Radiocom Act"), if and to the extent that the business activities of the Corporation or any subsidiary requires such eligibility. Furthermore, the Corporation is also authorized to take any action or refuse to take any action in connection with the issue, transfer, voting or ownership of its voting shares as provided under the Canada Business Corporations Act (the "CBCA"), to the extent necessary to ensure that the Corporation or any subsidiary continue to be eligible to operate as a telecommunications common carrier or to be issued authorizations or to hold, obtain, maintain, renew or amend any license as set forth above. These constraints in the Corporation's Articles have been conceived to be flexible so that they correspond at all times with the applicable provisions of the Telecom Act, the Radiocom Act and the CBCA, as such provisions may be amended from time to time.

Presently, the subsidiaries of the Corporation qualify as telecommunications common carriers under the Telecom Act and, in order to remain eligible to operate as such, must ensure that the proportion of the voting shares beneficially owned, or controlled, by non-Canadians is not more than 20% of their issued and outstanding voting shares. As a result, for the subsidiaries of the Corporation to continue to be so eligible under the Telecom Act, the Corporation, as their shareholder, must remain at all times a Canadian, that is, a corporation in which those of its shareholders who are Canadians beneficially own, and control, in the aggregate not less than 66 2/3% of the issued and outstanding voting shares and must not otherwise be controlled by non Canadians.

Before the issue or transfer of voting shares is recorded in the register of shareholders of the Corporation, the purchaser or transferee, as the case may be, may be required to submit to the Corporation or its agent a declaration as to his or her beneficial ownership of voting shares of the Corporation, his or her citizenship and such other matters as the Board of Directors may deem relevant in order to determine whether the registration of the purchaser or transferee would be in contravention of the above-noted constraint. Such a declaration may also be required at any time when proxies are being solicited from shareholders, before or at any meeting of shareholders or at any time when, in the opinion of the directors, the holding of voting shares by any person may be in contravention of the above-noted constraint.

The Board of Directors will not issue any voting share of the Corporation nor register or authorize to be registered the transfer of any voting share of the Corporation in circumstances which would result in non-compliance with the above-noted constraint or in the event that a declaration which has been required to be submitted to the Corporation or its agent has not been received by the Corporation or such agent.

In the event that a shareholder holds voting shares in excess of the maximum individual holdings applicable to such shareholder, then such shareholder shall not exercise the voting rights attached to any such shares registered in his or her name for so long as the maximum individual holding is exceeded.

directors' and officers' liability insurance

Group liability insurance in the aggregate amount of U.S. $185,000,000 (approximately Cdn. $240,500,000) is purchased for the protection of all of the directors and officers of BCE Inc., its subsidiaries and certain of its associated companies against liability incurred by such directors and officers. In 1997, the Corporation paid U.S. $39,984 for the Corporation's portion of the premium for such insurance. In any case in which the Corporation is not permitted by law to reimburse the insured, the deductible is nil. Where the Corporation is permitted to reimburse the insured, the deductible is U.S. $500,000 (approximately Cdn. $650,000).

discretionary authority

The accompanying form of proxy confers discretionary authority with respect to amendments to the matters identified in the notice of the Meeting and on such other business as may properly come before the Meeting or any adjournment or adjournments thereof. Management is not aware that any such amendments or other business are to be submitted to the Meeting. If such amendments or other business properly come before the Meeting, or any adjournment thereof, the nominees designated in such form of proxy will vote the shares represented thereby in their discretion.

approval of management proxy circular

The contents and the sending of this Management Proxy Circular have been approved by the directors.

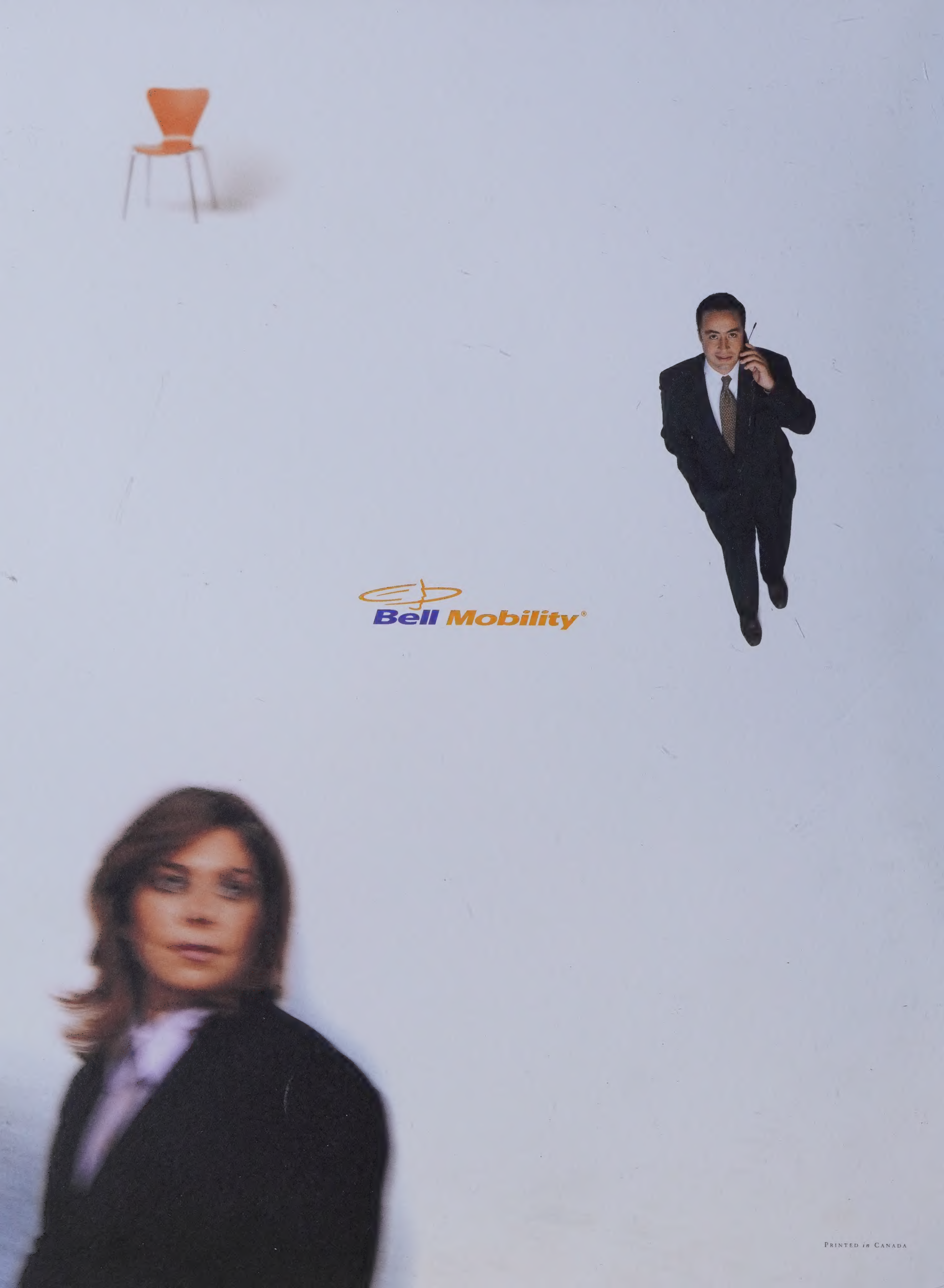
By Order of the Board of Directors

R. Mannion

Richard J. Mannion
General Counsel and Corporate Secretary

Montreal, Quebec
March 16, 1998

Printed in Canada



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